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USSR Report

PROBLEMS OF THE FAR EAST

No. 3, Jul-Sep 1984

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11 March 1985

USSR REPORT

PROBLEMS OF THE FAR EAST

No 3, Jul-Sep 1984

Except where indicated otherwise in the table of contents the following is a complete translation of the Russian-language journal PROBLEMY DAL'NEGO VOSTOKA published quarterly in Moscow by the Far East Institute, USSR Academy of Sciences.

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EDITORIAL ASSAILS REAGAN ADMINISTRATION FOREIGN POLICY

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[Editorial: "Policy of Reason vs. Policy of Terror and Adventurism"]

Humanity is haunted by countless economic, social, political, ethical, ecologic and ethnic problems, but their solution, even if only partial, hinges on the chief problem of all, that of safeguarding peace. Through imperialism's fault, the very survival of humankind, of human civilisation and even of our planet's biosphere, has been placed in question.

Capitalism, especially in its imperialist stage, though it has completed its mission in history, has not yet exhausted its resources. But now it is not only an obstacle to social progress and not only a source of stagnation or impasse through wars or through colonial and neocolonial plunder. Now it is also a vehicle of cataclysmic danger.

When Ronald Reagan moved into the White House in January 1981, an abrupt turn occurred in US foreign policy towards direct confrontation with the USSR, with socialism, the object being to secure military superiority and to begin direct preparations for a nuclear war. The reason for this turnabout is easy to see: it could not do so in the preceding period, in a setting of detente. So imperialism went back to its "classic" methods—to positions of strength and reliance on force. This is the most primitive but also the most dangerous reaction to the progressive changes witnessed in the world.

The people who are now in power in the USA cannot think in terms of peaceful coexistence. They have made a fetish of the US scientific, technico-economic and military potential, have focussed the foreign policy of the United States on anti-communism and nothing but anti-communism. Reagan's military programme became public knowledge quickly and that testified that it had been prepared a long time before. In addition to improvements in the "traditional" types of arms (the Trident, MX and Minuteman missile systems, the cruise missiles, the B-1 bomber, the "undetectable" Stealth bomber, the neutron bomb, etc.), it provides for research and development of space arms of all classes (earth-to-space, space-to-earth, and space-to-space), including laser and charged-particle beam weapons, and the like. Reagan and the Pentagon brass expect to spend trillions of dollars in the next ten to fifteen years on just the second part of their militarist programme which, so they hope, will create a situation in which the Soviet Union would have to bow to Washington. The programme also has the other aim: to discredit the Soviet Union and socialism in general. The howl about a "Soviet threat" has reached its peak. Reagan never tires of saying that he is having to make up for a decade of neglect of US defence needs. The first step was to begin stationing new US "intermediate range" missiles in Western Europe in 1983. To do so, the US Administration did not hesitate to wreck its negotiations with the Soviet Union on nuclear weapons in Europe and, indeed, on the limitation and reduction of strategic nuclear arms in general. And US imperialism is evidently poised to take its second step in the immediate future: the US mass media are being fed information of the successful testing of a new ABM system (of the earth-to-space class) with "non-nuclear warheads". This means that the Rea-

gan government has turned a deaf ear to the Soviet government statement on preventing the militarisation of outer space and rejects the idea of negotiating with the Soviet Union on this subject. The chief danger here is that the new weapons systems (for action in space) will be increasingly difficult to control.

The people of the Soviet Union have built socialism in the teeth of great difficulties. And as they resolve their economic problems and improve the system of developed socialism, they also show due concern (as they have always done) for the country's defence capability, for protecting their gains, and securing a strategic military equilibrium with the United States. This is a striking evidence of the socialist system's incontestable advantages, of its ability to resolve the most intricate of problems. It would seem that the ruling element in the imperialist countries, notably the USA, should draw the due lessons from this. Yet they have again set their sights on winning military superiority over the Soviet Union and the other countries of the socialist community, on gaining world supremacy and dictating their will to other nations with reliance on force. The Pentagon brass and the NATO strategists are intensifying their militarist preparations. A crusade has been launched against communism. Washington is trying to hold down the Soviet Union's dynamic growth by all sorts of bans and sanctions. US politicians say that they want "to drive the Soviet Union to economic death".

That, indeed, is the aim of the insane arms race, the policy of gross pressure and of intensifying international tensions with resort, among other things, to armed force against sovereign states. It would therefore be a good thing if Washington were reminded that no one has ever succeeded, nor will ever succeed, in halting the progressive march of history. The Reagan Administration has no penchant for sound analysis of the world situation. It inclines towards demagoguery, hypocrisy, perfidy, and adventurism. Certainly, Washington would like to clear Pentagon of the stigma that it authored the limited nuclear war in Europe concept. Certainly, it would like to justify itself in the eyes of Europeans and peoples of other continents, and make them accept the US version of why its disarmament talks with the Soviet Union broke down. But what the White House is most concerned about now, that it has pushed nuclear weapons down Western Europe's throat, is how to make it also accept neutron bombs and the latest chemical weapons, and how to win military superiority not only in nuclear but also in conventional arms.

More, in its official documents the present US Administration has made clear that its aim is to "destroy" socialism as a social and political system. Political, economic, and ideological life in the United States is being geared more and more to this mad objective that, in effect, carries immense dangers for the world as a whole.

The responsibility for this course of events and for their consequences is borne not only by the US imperialists but also by their NATO allies who, spurning the will of their peoples, have given the green light to Pershing and cruise missiles. Congress has been persuaded to allocate huge sums for the development and manufacture of new types of mass destruction weapons.

The "record" of the White House abounds in examples of undisguised militarism, of pretensions to world supremacy, of scorn for human rights and the freedom of nations. It sent troops into Lebanon, it occupied Grenada, it is making undeclared war on Nicaragua, is hurling threats at Syria. It has turned Western Europe into a launching pad for several hundred US nuclear missiles trained on the USSR and its allies.

The White House has unilaterally broken off talks on the complete and universal prohibition of nuclear weapons tests, on the Indian Ocean,

on anti-satellite systems, and others, including those once launched on America's own initiative. As a result, the process of curbing the arms race has been all but halted, with the blame lying fully at Washington's door. The warlike policy of the US administration is adding to the dangers facing the world and, for that matter, the United States itself, since it is augmenting the risk of thermonuclear disaster. The irresponsible and foolhardy militarist policy of the US Administration has stoked up tensions all over the world. The lunatic attempt to upset the existing nuclear equilibrium has inevitably triggered necessary and fair counter-measures.

As Konstantin Chernenko has pointed out, "those who are at the helm of government in the USA today have declared their intention to conduct foreign relations from positions of strength. Not on the basis of equality and equal security, but precisely from a position in which the USA and its closest allies could dictate their will, while all the others would have no choice but to submit".

The men in Washington rave about "star wars". They hope to attain military superiority via outer space. Besides, they are trying to have Congress approve a ten-billion-dollar programme of chemical rearmament and, among other things, to obtain funds for the production of a new generation of chemical weapons called binary. And all this is being done, as high-ranking US leaders would have us believe, for the sake of peace and security. They say that nothing but armaments can ensure disarmament, that peace will prevail only if there is an "equilibrium of terror".

At the same time, Washington makes no bones about demanding that its allies, too, should step up preparations for war. Washington wants them to join in the politically dangerous and economically burdensome arms race. The war preparations of the United States and some of its allies, as USSR Minister of Defence Marshal Dmitry Ustinov has pointed out, have been stepped up in all fields and in all the main regions of the world. While raising its own military expenditures to unprecedented proportions, Washington wants its allies, too, to increase theirs by an annual 3 per cent in physical terms, or better still by 4 to 5 per cent. This is leading to a further militarisation of their home and foreign policy, and is making them still more dependent on the aggressive adventurist foreign policy of the United States. As a result, the arms race pursued by Washington has ceased to be its own, "internal", affair. It is being increasingly pursued at the expense not only of the United States itself, but also with the resources of a number of other countries that are militarily, politically and economically dependent on US imperialism.

The US press is prone to say reassuringly that the greater international tensions and the deterioration of US-Soviet relations (brought about by the Reagan Administration) do not mean that the danger to peace has increased. There have been worse times, it says. The dust will settle, because there is no direct confrontation with the Soviet Union, no immediate collision between the United States and the USSR. This is a superficial and incorrect view. The new twist of the arms race, the attempts to spread it to outer space, the development of new weapon systems—all this, first of all, is adding to the risk in international relations. Second, the greater tensions make it harder to find the way back to the process of normalising the world situation, to detente. And third, the greater tensions make it easier to aggravate existing local conflicts and to generate new ones. This sets off a peculiar chain reaction, making tensions rise still higher. The foolhardy and terrorist nature of US foreign policy offers ample evidence thereof. It is enough for the United States to declare some region of the world "a sphere of its vital inte-

rests" and, lo and behold, it feels free to behave there in a most impertinent and unreasonable manner, flouting all standards of international law and human ethics.

In his long drawn-out report to the notorious Second International Conference on Terrorism, State Secretary Shultz described terrorists as people who try to impose their will on others by force, and use force of a special kind to create an atmosphere of fear. No definition of the substance of the present US government's foreign relations could have been more accurate. That, indeed, is how it behaves, and also how it imposes its will with the help of other regimes, such as those of Israel, South Africa, and certain Central American countries. The Stars and Stripes are seen in many different parts of the world, but nowhere have they brought either peace or a return to normalcy or tranquility. The plans of the US administration as it steps up the arms race and pursues state-sponsored terrorism against revolutionary regimes, national liberation movements, and progressive personalities, are evidence of a drive to create rule of fear rather than rule of law across the world.

US imperialism is making broad use of economic terrorism (and not just in the past four years) in order to implant an economic "order" under which the advanced capitalist countries, notably the USA, and the institutions they control, could loosen plunder unmolested and pump resources out of the developing states, holding down their progress.

Nor must we overlook "ideological" terrorism, for here the Reagan Administration has, by all evidence, broken all records. The endless slander campaigns—anti-communist, anti-Soviet, anti-Vietnam, anti-Cuban, are obviously directed to the ideological suppression and discreditation of everything that goes counter to the idea of US world domination.

The terroristic nature of US imperialism is no less conspicuous in home policy. Physical elimination of political leaders (not only progressive ones but also those espousing common sense), persecution of civil rights fighters and population groups, a far-flung system of concentration camps, and terroristic acts against diplomats and foreign nationals—all this is no rarity in the United States.

The terrorist essence of US imperialism, like its penchant for external, military and political adventurism, is on display all down the line in the activity of the Reagan Administration, even in its relations with its allies. It clearly wants to implant the "principles" of diktat and threats, of abuse and violence, in the capitalist world. It is out to saddle NATO with its "new order", to win the obeisance of Western Europe, to harness it to its chariot by "common responsibility" and fear. And the fewer levers imperialism, notably US imperialism, retains to assert its world supremacy, the greater is its thirst for supremacy and the less finickily it is in the choice of tools. But, by definition, it is compelled to disguise its moves all the more often, and to resort to diplomatic or ideological camouflage. Hence the tactical twists and the ingratiating overtones in the policy of the Reagan Administration, especially before the elections. The confrontation with the Soviet Union, the violence on the international scene, and abuses in relation to its allies—all these things are becoming harder to sell to the electorate, let alone to portray as a policy of safeguarding world peace.

The Communist Party of the Soviet Union has stressed in its documents that present-day capitalism is at pains to adapt itself to the radical changes of the times. This was described as one of its characteristic features. The definition holds true for US imperialism in its present shape, especially with regard to two important areas of Reagan's policy—US-Soviet relations and US-Chinese relations. We can still remember how vigorously Reagan launched his "new policy". He was not embarrassed by the fact that he had been elected president by only slight-

ly more than a quarter of the electorate, that what was subsequently called Reagangate had become public knowledge, that Big Business had played a determining role in his life, that there were many failures in the past. His "neoconservative" economic policy has slightly improved matters for the business world, but at the price of sharpening social problems in the USA. The war preparations led to the dismantling of nearly all the detente mechanisms in the country's relations with the USSR. Anti-Sovietism became a function and obsession of the government of millionaires identified with the military-industrial complex.

But now, in the last year of his first term in the White House, Reagan has begun to lay stress on his "love of peace" and readiness "to fly anywhere and negotiate peace with anyone without preliminary conditions". Yet the whole world knows that all these years US policy went the other way. That Reagan was not able to organise and hold a meeting with any of the Soviet leaders, as his predecessors had done in no less complicated conditions, wrote *The Washington Post*, does not speak in his favour. He erroneously assumes that the alarm and anger of the Soviet Union is proof that his pressure is effective, the paper said. Serious US observers describe Reagan's antics in the international arena as so many "wasted years".

The Soviet government has repeatedly warned the United States of the serious consequences that the stationing of new missiles in Western Europe would entail. Experts and the public in many countries know that Reagan had not given serious enough thought to the reasons for, and consequences of this move. The Soviet SS-20 missiles, as they are called in the West, were a means of securing military parity between the Warsaw Treaty Organisation and NATO, and certainly did not signify that Western countries were "lagging" behind. The deployment of Euro-missiles has in no way fortified the security of the United States. Indeed, in all areas of its relations with the USSR, the Reagan Administration has taken no notice of the possible consequences of its actions for the United States. This applies also to its plan of spreading the arms race to outer space. Yet the thought that Ronald Reagan may lead his country to war has begun to trouble more and more Americans. The notion that the Soviet Union can be made more pliable at the negotiating table through intimidation and blackmail, is also foolhardy and adventuristic. The talk about "empty chairs", "intractability", "on site control", "proofs of sincerity" and "greater trust", as practice has shown, cannot disguise this adventurism, and is unfit even for home consumption. The United States has not studied a single Soviet proposal seriously. It has deliberately spoiled its relations with the Soviet Union and is now clumsily trying to shift the blame for the dangerous world situation on the USSR. In the meantime, US businessmen estimate that Reagan's various sanctions are costing them approximately ten billion dollars a year. The irresponsibility of Reagan's policy is now more than obvious. In anticipation of the elections, he wanted to astonish the world with his proposals for resuming scientific and cultural ties with the Soviet Union, but even if this were to come about, it would not go far in improving opinions about Reagan's policy.

No less dubious are the successes of the White House in Asia, though this is an area to which Reagan has devoted special attention. Speaking in Peking and Shanghai, the US President made no attempt to conceal his goals: to have much the same politico-military bloc as NATO in East Asia so as to "contain the expansionism and hegemonism" of the Soviet Union.

Under cover of anti-Soviet and anti-communist rhetoric and the howl about a "Soviet threat", US imperialism has begun to carry out its hegemonic designs in Asia and the Pacific Ocean early in the 1980s. It is

making the most of its military agreements with Thailand and the Philippines to try and turn ASEAN into a politico-military bloc. The militarisation of South Korea is continuing apace: by the beginning of this year the US occupation corps numbered 40,000 and had some 1,000 nuclear weapons trained on the USSR. Ships of the US 7th Fleet are being armed with Tomahawk cruise missiles in direct contravention of the SALT-II accords. Behind all this is the US bid to gain political and military control of the region and subordinate the countries there to America's expansionist and hegemonic interests. Similar activities, compounded with subversion, have been launched by the United States in South Asia and the Indian Ocean. The US is arming Pakistan, bludgeoning Bangladesh to give it military bases, making itself at home on Diego Garcia and turning it into a powerful military base, encouraging separatists in various parts of India, and drawing tight the financial and economic noose round the necks of several Asian countries. Provocations and other hostile acts against the Socialist Republic of Vietnam and the other countries of Indochina are continuing.

US Secretary of State Shultz once recalled General MacArthur's words that though Asia is usually called the gate to Europe, it is equally true that Europe is the gate to Asia. This formula evidently means that the United States wants to link up its European and Asiatic strategies of aggression.

President Ronald Reagan, a State Department spokesman has announced, wants Japan to assume commitments equal to those borne by America's NATO allies. Japan is being enjoined by high-ranking NATO spokesmen to take a more active part in the strategic affairs of the North Atlantic Alliance. Washington is in a hurry to buttress the eastern flank of its militarist pincers. Of late, the numerical strength of US troops in areas adjoining the Far Eastern borders of the Soviet Union and other Asian socialist countries has risen considerably.

On the excuse of "modernising" its armed forces, Washington aims to station new medium-range nuclear weapons systems in the southern part of the Korean peninsula, thus imperilling the various straits and, indeed, the territory of the USSR, China, and other Asian countries. Even today, the South Korean army is one of the world's biggest and best-equipped.

The permanent US military presence in Asia is aimed at dividing the Asian countries, at pitting one country against another, at attaining America's hegemonic designs with Asian hands, as this follows from the Pacific Ocean doctrine that is being carried into effect by US diplomacy. Objectively, the Asian countries are in bad need of detente, including military detente. They need greater security and a political atmosphere that would encourage peaceful constructive labour. They need to consolidate their national independence, and promote mutually beneficial co-operation. What they are about to get instead, however, is a new anti-Soviet, anti-socialist Washington-Seoul-Tokyo bloc. And following Reagan's visit to the People's Republic of China, various Asian countries have begun wondering if one more alliance, a Washington-Tokyo-Peking triangle, is also being forged.

The world public is showing a legitimate interest in two aspects of Reagan's visit to the PRC (in late April 1984)—the implications of the US-Chinese negotiations and the nature of the relations that have shaped between the USA and China in the context of safeguarding and consolidating peace and furthering international cooperation. Speaking of the aims of his visit, Reagan said in so many words that he wanted to set up a new anti-Soviet "community" in the Far East and the Pacific. State Secretary Shultz put the matter just as bluntly: the visit to the PRC was important in the strategic context with relation to the USSR.

"Reagan's visit to Peking," wrote the Lao newspaper *Pasason*, "was aimed at inveigling the Peking leadership into the orbit of US imperialism by granting it up-to-date technology." The Japanese *Akahata* wrote that Reagan's aim was to enlist China for "the global strategy directed against the Soviet Union" and "to conceal the diplomatic failures of his policy in the Middle East, Central America, in relations with the European countries". Let us leave aside the effect of the PRC visit on the public in view of the fast approaching election. The important thing is whether the US President has achieved his main aim—that of using the "China card" against the USSR.

US journalists reported that the White House staff were running off their feet in search of at least one accord that could be signed with Peking, and finally suggested an agreement on cooperation in nuclear power engineering, which was duly initialled during the visit (but later turned down by the US Senate). Agreements on tax privileges for US businessmen in China, on mutual cultural exchanges, and on cooperation between Peking's radio centre and the Voice of America were signed too. US observers did not hide their disappointment over the results of the visit. True, their skepticism gave way to good cheer when PRC Defence Minister Zhang Aiping signed a number of accords during his subsequent visit to the USA.

In the meantime, Reagan's China visit pursued one more aim apart from his anti-Soviet designs and show of "peace" and "cooperation". The Hanoi *Nhan Dan* described it as follows: "Reagan is nursing perfidious plans about China's gradual 'peaceful incorporation' in the system of the capitalist market, trying to consolidate capitalism directly within China, which continues to call itself a socialist country." On returning to the United States, Reagan put it thus: Now the Chinese are willing to let American firms have their branches in China, in the so-called communist China... There will be capitalism at these enterprises.

In sum, Reagan and US imperialism are quite obviously playing the "China card" in a bid to exploit the differences between China and the Soviet Union. Perhaps they are also counting on the revival of capitalism in Chinese society.

The mass media in some of the Asian countries, non-socialist as well as socialist, have expressed alarm over Reagan's political game in Asia, above all with relation to the PRC, and, naturally, the alarm was caused not by the contacts as such but by their politico-military and technico-military implications. The Vietnamese *Kuan doi nhan dan* wrote, "Reagan's visit to Peking caused thunderclouds to gather over Asia". The *Akahata*, organ of the Japanese Communists, said: "It is clear enough that whatever the results of the utilitarian designs nursed by the USA and China in connection with Reagan's visit, it cannot be regarded as a 'success' from the point of view of peace in Asia and the rest of the world." The press in the ASEAN countries, too, was disturbed. The anti-Soviet designs and actions that Washington is pursuing in Asia, its attempts to stoke up tensions there, and the howl about a Soviet threat in face of what are merely Soviet security measures to counter the concentration of many hundreds of US nuclear weapons around its frontiers, is not helping to settle the question of peace on the Asian continent. But what we are interested in, too, is a more "particular" question: does this policy have any chances of success?

International observers find that the substance of American-Chinese relations is more than prosaic: the United States would like to see a PRC confrontation with the USSR, while China is interested in US technology, including military, for its modernisation. As for economic ties as such, these observers feel that Peking prefers Japan as a partner to the United States. At the same time, the Chinese leadership has repea-

tedly declared itself interested in improving relations with the Soviet Union. As we know, it did not permit the Chinese radio or press to repeat the crude and obscene language the American guest used in reference to the Soviet Union. In the UN, the PRC has backed the resolutions on preventing the militarisation of outer space, on a peaceful Antarctica, and on declaring Central America a nuclear-free zone (true, the USA also signed this instrument, but that was because the zone is in the vicinity of the USA, whereas the US attitude towards nuclear-free zones in Northern Europe, the Balkans, and the Indian Ocean, that is, in the vicinity of the Soviet Union, is entirely different). The PRC has also pledged not to facilitate any spread of nuclear weapons.

Has Reagan gone too far in counting on the anti-Sovietism of the Chinese leaders or on the reversal of Chinese society to capitalism? In other words, is there not an element of adventurism in Reagan's Asian or, more precisely, Far Eastern policy? Perhaps the foreign policy of the US administration is all based on a fetish and illusion—an illusion of omnipotence and permissiveness? Perhaps its state-sponsored terrorism reposes on dubious "values" and possibilities?

The answer is obvious: we are witnessing a most acute crisis of US foreign policy and successive feverish, unreasoning and dangerous attempts to establish world supremacy—dangerous not because they are realistic and manageable, but because they imperil peace, the independence of nations, and progress.

The history of past bids for world supremacy is well known. Many a "world empire" has collapsed. And there was also the crushing defeat of the Nazis in the past war.

Many millions of people of different political and ideological beliefs in the United States and the rest of the world oppose the US policy of aggression, adventurism and terror. The anti-war movement counts more than 6,000 national and international organisations. Adventurism, state-sponsored terrorism, and the use or threat of use of nuclear weapons are contrary to human reason, to the true vital interests of humankind. And as such they cannot but generate an ever-growing resistance among progressives and even moderates in the West.

A leading part in safeguarding peace is played by the Soviet Union. "The mounting military danger created by the USA and its NATO allies is compelling the Soviet Union to continuously buttress its defence capability, the fighting power of the Soviet Armed Forces", says the CC CPSU Resolution On the Fortieth Anniversary of the Victory of the Soviet People in the Great Patriotic War of 1941-1945. Addressing secretaries of Komsomol branches in the Soviet Army, Konstantin Chernenko said: "The deterrence exercised by our defence capability plays an indispensable role. These days, it is not only the guarantor of the Soviet people's constructive labour, but also the guarantor of world peace". While they state firmly that the Soviet Union and the fraternal socialist countries will not allow anyone to upset the politico-military equilibrium, the Soviet leadership and that of the other countries of the socialist community are taking other steps as well.

For the Soviet Union struggle for peace is an innate need. At the dawn of Soviet power, Lenin had stressed that the October Revolution was the first victory in the cause of eliminating wars and that now the question of peace was the most topical, the most vital question of the times because war could lead, and would inevitably lead, to the disruption of the very conditions for the survival of human society. These ideas voiced by Lenin are more than ever valid today when various countries have nuclear weapons, the most destructive weapons ever known.

In the present intricate and tense international situation, the Communist Party of the Soviet Union and the Soviet government are doing

everything they can to safeguard and consolidate peace, to deliver humanity from the dangers of a nuclear war, to expand and strengthen mutually beneficial cooperation. The Soviet Union is working hand in hand with its dependable allies, the countries of the socialist community. The firm policy of peace followed by the Soviet Communist Party has the wholehearted support of the Soviet people. It is appreciated and approved by all people of good will in the world.

The reaffirmation of the foreign policy of the CPSU and the Soviet government by the CPSU Central Committee's Extraordinary Plenary Meeting in February 1984—a policy centred on eliminating the threat of thermonuclear war, on repulsing the aggressive designs of the imperialists, on invigorating peace and the security of nations—was received with deep satisfaction all over the world. "This Leninist policy of peace whose basic features in the current historical stage have been defined in the decisions of the latest CPSU congresses, meets the vital interests of the Soviet people and, for that matter, of the other peoples of the world," Konstantin Chernenko said at that meeting. "And we firmly declare that we shall not deviate a single step from that policy."

The deadly threat to the world would be greatly reduced if all the nuclear powers backed the proposal of Konstantin Chernenko, General Secretary of the CC CPSU and Chairman of the Presidium of the USSR Supreme Soviet, to accept the following guidelines in their mutual relations:

"To make prevention of nuclear war the main aim of their foreign policy; to avoid situations fraught with nuclear conflict; if such a danger were to arise, emergency consultations should be held to prevent a nuclear conflagration from erupting; to renounce propaganda of nuclear war of any kind; whether global or limited; to pledge no-first-use of nuclear weapons; in all circumstances to abstain from using nuclear weapons against non-nuclear countries that have no such weapons on their territory; to respect the status of nuclear-free zones that already exist, and encourage such zones to be formed in various parts of the world; to prevent the spread of nuclear weapons in any shape or form; not to give such weapons or control over them to anyone; not to station nuclear weapons on the territory of countries that have none at present; to abstain from spreading the nuclear arms race to new spheres, including outer space; step by step, acting on the principle of equal security, to work for the reduction of nuclear armaments until all their varieties are completely eliminated."

The Soviet Union calls on all countries to help secure a change of course from confrontation to detente and cooperation. The Soviet Union favours a radical reduction of arms, first of all of nuclear arms, based on strict observance of the principle of equality and equal security. It favours a climate of confidence among states.

This approach was reaffirmed by Konstantin Chernenko at the CPSU Central Committee's Plenary Meeting in April 1984. "The CPSU and the Soviet government," he said, "are applying tremendous efforts to avert a nuclear war and to safeguard and consolidate world peace. We are working consistently and imaginatively to relieve world tensions, curb the arms race, and ensure the country's security. It is part of our daily concerns to strengthen socialism's international positions and solidarity with liberation movements."

The Soviet Union is totally sincere in its call for peaceful coexistence, for mutually beneficial international cooperation. The Soviet people are deeply convinced that peace can be safeguarded. The USSR is ready for dialogue, ready to cooperate with all those governments and organisations that want to work for peace honestly and constructively.

The Soviet Union has advanced far-reaching, realistic, and constructive proposals on all major current problems: prevention of the militarisation of outer space, reduction of strategic nuclear forces, removal of nuclear weapons from Europe, complete and general prohibition of nuclear tests, renunciation of armed force in the relations between NATO and Warsaw Treaty countries, prohibition and destruction of chemical weapons, proclamation of nuclear-free zones, and so on.

The documents of the economic summit conference of CMEA member-countries—its statement on the basic guidelines for the further development and deepening of the economic, scientific and technical cooperation between the CMEA countries, and its declaration on safeguarding peace and international economic cooperation—made a deep impression on the public at large. The CMEA summit outlined the basic guidelines for the further development of ties between countries of the socialist community, drew up a programme for the restructuring of economic relations between countries and for removing exploitation, inequality and intimidation from economic relations.

The Soviet Union has come forward with ideas that would strengthen peace and ensure security in Asia, notably the programme of confidence-building measures for the Far East. The diplomacy of socialist Vietnam and the other countries of Indochina is concentrated on normalising relations among the countries of Southeast Asia and of the Far East in general. The recent visit to the Soviet Union and the European socialist countries of Kim Il Sung, General Secretary of the Central Committee of the Workers' Party of Korea and President of the Democratic People's Republic of Korea, was an important step furthering cooperation between the socialist countries of Europe and Asia, and an important factor invigorating the positions of the DPRK in the historic struggle for the peaceful reunification of Korea and the withdrawal of US occupation troops from the south of the country.

The Mongolian People's Republic has come forward with the valuable proposal of concluding a convention on mutual non-aggression and non-use of force by countries of Asia and the Pacific. It was well received by the public at large, which recently celebrated the glorious 60th anniversary of the Mongolian People's Republic together with the people of Mongolia and the Mongolian People's Revolutionary Party. The CPSU and the Soviet people marked the jubilee with deep-felt emotion, for they remember that the people of Mongolia and their revolutionary party were the first to range themselves beside the Soviet Union in the struggle against international reaction and fascism, and for a new life.

Time and again, the Soviet Union has reaffirmed its wish to improve relations with the People's Republic of China, received with understanding by Chinese leaders. Meetings and negotiations between the two countries continue in a meaningful, calm atmosphere. Trade between the USSR and PRC has grown substantially. All this is incontestably useful for the promotion of peace and security in Asia, in the Far East. Only those who want to exploit any complications in Soviet-Chinese relations can be against this. In 1984, all progressives joined the people of China in celebrating the 35th anniversary of the People's Republic of China. Soviet people sincerely wish the Chinese great success in building socialism, in fighting for world peace, in consolidating peace and security on the Asian continent.

Each of the many and continuous actions of Soviet foreign policy carried out in the interests of humanity is added proof of its scientific character, its humanitarian roots, its effectiveness in practice. And this gives us confidence that the cause of peace and international cooperation will triumph.

MONGOLIAN ECONOMIC DEVELOPMENT, FOREIGN POLICY SURVEYED

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[Article by A. N. Katerinich and A. D. Sherstnev: "Taking the Road of Progress and Peace; On the 60th Anniversary of the Third MPRP Congress and the Declaration of the MPR"]

Sixty years ago, on November 26, 1924, the 3rd Congress of the Mongolian People's Revolutionary Party (MPRP) adopted the general policy for the country's non-capitalist development, and proclaimed Mongolia a people's republic. These events marked a "crucial stage in carrying out radical changes in the country's political, social and economic life, and in paving the way for Mongolia's future transition to building a socialist society".¹

The Mongolian people first took the road leading to a new life in 1921. Influenced by the ideas of the 1917 Great October Socialist Revolution, the Mongolian arats (livestock breeders) rose to join the movement for national and social liberation. That movement was led by the MPRP. In July 1921 the Mongolian people's revolution installed representatives of the toiling arats in power. The revolution was anti-imperialist, anti-feudal and democratic, and was an inseparable part of the world revolutionary process initiated by the 1917 Socialist Revolution in Russia.

Shortly after the victory of the revolution, the MPRP and the people's government had to decide on two imperative issues: what road the country would take, and what policy the people's government would pursue in the social, economic and other fields.

Revolutionary Mongolia inherited an extremely primitive social and economic foundation, one of the most backward in Asia. There was no industry, modern transport or communications in the country. Primitive nomadic livestock breeding was the only sphere of productive activity. Foreign merchants and money-lenders ruthlessly exploited the local population. Abject poverty and no medical assistance whatsoever brought about a catastrophic reduction in the size of the population. The domination of the Lama church and almost 100 per cent illiteracy among the people of toil added to the picture of life in Mongolia prior to the revolution. It had neither the necessary material nor social foundation for moving immediately to socialist change.

Given these facts, permanent and close contacts with Communist International and with the Bolshevik Party of Soviet Russia and also orientation to Marxist-Leninist theory helped the Mongolian revolutionaries

¹ Decision of the Central Committee of the MPRP on the preparations for and observance of the 60th anniversary of the 3rd Congress of the MPRP and the proclamation of the MPR. *Mongolia News*, Jan. 31, 1984.

find answers to the many questions which arose in the process of framing the general policy of the MPRP and the people's government.

In his study of various tendencies in the revolutionary movement of his time, Lenin also dealt with the prospects of the revolutionary movement in the underdeveloped countries. He concluded that in the new conditions of the victorious proletarian revolution in Russia "with the aid of the proletariat of the advanced countries, backward countries can go over to the Soviet system and, through certain stages of development, to communism, without having to pass through the capitalist stage."² For Mongolian revolutionaries, this theory was a reliable guide that allowed them to orient themselves properly in the situation which developed in the country following the people's revolution, and to take the people down the difficult but theoretically sound and feasible path leading to socialism.

Shortly after the victory of the revolution in Mongolia Lenin met its leader Sukhe Bator and several other of his associates in Moscow. While talking to them he elaborated on the idea that it was possible and necessary for Mongolia to move to the socialist stage of development bypassing the capitalist stage. Lenin believed that to ensure Mongolia's progress to socialism, the MPRP and the people's government had to step up their efforts; the cooperative movement had to embrace the whole country, along with new forms of economic management and cultural development; and, finally, the working peasants had to rally closer around the party and the people's government to work towards a closer class alliance with the victorious proletariat of Russia.

Guided by the theory of Marxism-Leninism, the MPRP and people's government launched right from the outset a steady offensive against the positions of the feudal lords and foreign merchants. Serfdom and the feudal system of taxation were abolished, external debts were written off, and revolutionary bodies of government, both central and local, began to appear. A public sector evolved, and gained strength. A system of consumer cooperatives was set up. The cultural revolution started making its first steps.

Naturally, the revolutionary process in Mongolia was developing in the conditions of an acute class struggle. Initiatives by the revolutionary government encountered fierce resistance from the feudal lords and the leaders of the Lama church. It was very difficult for the bodies of people's government to work, because even after the 1921 revolution, Mongolia remained, though nominally, a monarchy. Although actual control was concentrated in the hands of the Central Committee of the MPRP and the people's government, the continued formal presence of the absolute ruler of pre-revolutionary Mongolia was a factor that inspired the reactionaries to join forces and work to restore the old order.

As the positions of the MPRP and the people's government consolidated and the people's revolutionary consciousness grew, the groundwork was laid for the introduction in 1924 of a series of major reforms to extend the anti-feudal revolution and ensure more favourable conditions for the country's further social advance. In August 1924 the 3rd Congress of the MPRP proclaimed as the party's general policy Mongolia's non-capitalist development, with socialism as the future goal. A short while before, in June 1924, at the request of the Central Committee of the MPRP, the people's government decided to institute a republican form of government. Preparations were launched for the convocation of the People's Great Hural, a people's assembly, which was to legalise the proclamation of the republic, endorse its constitution, and outline concrete political and economic development tasks for subsequent years. On

² V. I. Lenin, *Collected Works*, Vol. 31, p. 244.

November 26, 1924 the People's Great Hural endorsed the constitution, the first in the country's history, which sealed Mongolia's state structure as a people's republic. The date was a landmark in the history of the Mongolian people and state.

The constitution proclaimed all the gains by the Mongolians in the preceding stage of their country's development. It stipulated the fundamentals of the people's democratic government and the Mongolian people's independent statehood.

Consequently, the Mongolian People's Republic embarked on implementing the general policy mapped out by the 3rd Congress of the MPRP that oriented the country to non-capitalist development and to preparing the ground to move ahead to building a socialist society. The people's revolution continued to radically break the existing social structure and to create the foundation for the victory of a socialist revolution.

The people's revolution in Mongolia went through two stages of development which lasted for a sufficiently long time—almost four decades.

In the first, democratic, stage of the revolution, the Mongolian people, led by the MPRP, strengthened their political power—a major condition for confronting the social and economic tasks of the revolution. Another major condition for the triumphant progress of the Mongolian revolution was the existence of a close class alliance with the world's first victorious socialist country—the Soviet Union, and the possibility for Mongolia to rely on its assistance in defending the sovereignty of the young Mongolian state and in building the necessary material base for the country's steady advance along the non-capitalist road of development, towards socialism. Meeting these two basic conditions necessary for the successful development of the revolutionary process in Mongolia was always central to the MPRP, which was gradually becoming a genuine Marxist-Leninist party and a battle-hardened communist vanguard of its people.

In conditions of the fierce class struggle at the democratic stage of the revolution, the estates of former feudal lords and Lamaist monasteries were expropriated, and steps taken to check the emergence and growth of the national bourgeoisie. Of major importance was the effort to establish and develop in every possible way the public and cooperative sector of the economy. National industries, modern transport and communications, state and cooperative enterprises in agriculture and trade were built literally from scratch.

By 1940—when the democratic stage of the revolution was nearing completion—industry existed in Mongolia as an independent branch of the economy. A national working class had begun emerging—a factor of major importance for the encouraging the social base of the revolution, and for the transforming the revolutionary dictatorship of the arats into a dictatorship of the working class.

The second, socialist stage of the revolution, further developed the productive forces and ensured the complete triumph of socialist production relations in the entire economy. In the 20 years of the second stage of the revolution, Mongolia's industrial output rose by 440 per cent. The primitive livestock-raising country had become an agrarian-industrial state. A system of people's education, including specialised secondary and higher, and of health services was created. The entire adult population was embraced by the literacy programme, living and cultural standards improved immeasurably.

However, the main achievement of the MPRP and people's government during the second, socialist, stage of development was the completion of a process that put the Mongolian countryside on a socialist foundation. By the summer of 1959, all arats had joined production cooperatives or agricultural associations. The livestock farming was the most im

portant social and economic step in the history of Mongolia since the victory of the 1921 revolution. It resulted in the complete triumph of socialist production relations in the economy, in eradicating the roots of economic inequality and exploitation. That meant that the tasks of the socialist stage of the Mongolian people's revolution, and along with them, the tasks of the non-capitalist stage of development had been met successfully. The transitional period in Mongolia's progress from feudalism to socialism had ended, and the historic decisions of the 3rd Congress of the MPRP that oriented the country to non-capitalist development had been fully carried out. The Mongolian People's Republic became a socialist state and thus entered a new stage of development—the period in which the building of a socialist society was to be completed.

Mongolia's experience of non-capitalist development is an integral component of the theory and practice of the world communist movement. For the first time in history, the example of this sovereign state served to demonstrate convincingly the correctness of Lenin's idea about the possibility of backward countries to go over to the socialist stage of development bypassing capitalism. Mongolia has shown that a genuinely revolutionary party—even if its composition is at the initial stage non-proletarian—which expresses the vital interests of the working people and is guided by Marxist-Leninist theory, can and will eventually bring the people to socialism. Another equally important conclusion that can be drawn from Mongolia's experience of non-capitalist development is that the road to socialism can be covered successfully provided there is a close alliance with the world communist movement, and political and economic support from the countries where socialism has triumphed.

Over the years of the people's government there have been remarkable changes in the life of the Mongolian people. A solid, modern economic structure has been created. In 1980 the economy's basis assets were almost six times greater than they were in 1960. The country's national income showed an almost 150 per cent increase over the period. Industry in the republic already accounts for 40 per cent of the gross national product and for a third of the national income. Considerable headway has been made by a new branch of agriculture—highly mechanised land cultivation which meets people's demand in bread and vegetables, and is increasingly becoming a major supply source of fodder. Big changes have taken place in Mongolia's traditional livestock breeding industry. Large numbers of experts and skilled workers have joined it. Measures are being taken to extend further the material and technical foundation of this industry, which is indispensable for the economy.

Mongolia's economic performance is very dynamic, as both the figures mentioned above and the statistics issued in the last few years indicate. Between 1981 and 1983 the average annual growth of national income was 7.5 per cent. Over the same period industrial output showed an average annual increase of 9.6 per cent.

Naturally, structural changes in the economy have entailed changes in the social composition of the population. Workers and members of their families now account for 40 per cent of its make-up. They are now a leading political force in Mongolian society, servicing more than 70 per cent of the economy's basic assets and producing the bulk of the national product. The intelligentsia, whose number has grown in the years of people's government, also make up a considerable part of the population—it includes scientists, experts in the various branches of economy, doctors and teachers.

The steady and rapid growth of all branches of the economy, of science, education and health services has brought Mongolia to forefront positions among the Asian countries. There are 2,770 students, 110 hospital beds and 23 doctors per each 10,000 people. In this, Mongolia has caught up with the average achieved by the socialist countries, and has left behind most advanced capitalist countries. A convincing illustration of how the life and cultural standards of the Mongolians have improved is that life expectancy today is 68 years, in contrast to 30 years in pre-revolutionary Mongolia.

The Mongolian people today are perseveringly implementing the decisions of the 18th Congress of their party, and they have almost finished creating the material and technical foundations of socialism through further industrialising the country, mechanising its agriculture, and raising the level of technology in all sectors of the economy.

The entire history of the establishment and advance of sovereign socialist Mongolia is inseparable from the close alliance and many-sided cooperation with the Soviet Union. Soviet-Mongolian relations were the world's first experience of inter-state relations of a new socialist type. Their pattern was adopted and developed further by the world socialist community. This factor is the foundation of cooperation between the Soviet Union and Mongolia, and gives it its historical significance. After all, the two countries alone represented the socialist world for almost 25 years.

Characteristic of Soviet-Mongolian friendship has always been the unity and fraternal alliance between the CPSU and MPRP—the two parties adhering to one ideology—Marxism-Leninism, leading their peoples towards one common aim—communism, and vitally interested in each other's successes. The sincere friendship, the genuinely equal alliance and the disinterested help always were and remain the distinguishing features of Soviet-Mongolian cooperation, which rests on the solid foundation of socialist internationalism.

The support of the CPSU and the Soviet government enabled the MPRP and the Mongolian working people to consolidate political power, establish their country's sovereignty, protect it from outside encroachments, build and extend the foundations of the socialist economy and culture, and train local specialists for socialist Mongolia. "In our hard-earned rise from backwardness to progress, in our attempt to put contemporary scientific knowledge within the reach of our people, in every our endeavour and step forward," said Yumjagiyn Tsedenbal, "we have always leaned on the Herculean shoulder of our friend and ally, the Soviet people, and have always been aware of the presence and sincere concern of the Soviet people, our elder brothers in class and in spirit."³

Friendship between the Soviet and the Mongolian peoples has been tested by time and by various circumstances: in 1921 in the fierce fighting against the Ungern White Guard bands which occupied Mongolia, and then in 1939 against the Japanese militarists who encroached on Mongolia's independence. Friendship between the two peoples has been cemented by the blood which soldiers of the two countries shed in battles against common enemies. The combat alliance between the Soviet Union and Mongolia grew in the years of the Great Patriotic War, when the Mongolian people did all they could to help their Soviet brothers and sisters triumph over the Nazi invaders, and in the joint military ope-

³ *Along the Path of Socialism, Friendship and Peace*, Ulan Bator, 1974, p. 49.

rations in 1945 when Soviet and Mongolian troops routed the Kwangtung army and liberated the Northeast regions of China.

Cooperation and friendship between the Soviet and the Mongolian peoples strengthened during peacetime. There is not a single sector of the Mongolian economy or a single area of cultural development to which the Soviet people have not contributed or to which the Soviet Union has not provided assistance. The Soviet Union is helping Mongolia develop its fuel and power resources, its mining, food, light and other industries, and its enterprises producing building materials. The Soviet Union has assisted Mongolia in developing its virgin lands and expanding fodder output. Mongolia has taken advantage of the Soviet Union's economic and technical assistance to build and now to develop its railway, automobile and aviation services, its communication means and the TV network. It is enough to say that the projects built and modernised with the Soviet Union's help today produce about 50 per cent of Mongolia's gross national product.

The volume of Soviet-Mongolian economic cooperation is always expanding. Under the current five-year-plan period (1981-1985), it is expected to nearly double over the previous five-year period. The forms of friendly business contacts in various fields of Soviet-Mongolian cooperation are constantly multiplying.

Joint economic projects are an essential form of economic cooperation between the Soviet Union and Mongolia. Usually of an impressive scale, production associations or jointly built projects play a big role in accelerating Mongolia's industrial progress. For example, the joint Soviet-Mongolian Erdenet mining project has become the republic's biggest industrial facility, and now ranks as one out of 10 leading enterprises of this kind in the world. The Erdenet mining complex has given life to the town of Erdenet—the youngest town in Mongolia.

The Soviet Union and Mongolia, who pioneered the establishment and development of socialist inter-state relations, were the first to practice many new forms of cooperation which later became common to relations between other socialist countries. They included, along with the joint building of enterprises, the coordination of economic programmes; direct contacts between ministries and other offices; direct friendly contacts between Soviet autonomous republics, regions and towns and corresponding regions and towns in Mongolia, and many other forms and lines of cooperation that ensured the constant expansion and promotion of mutually advantageous and effective contacts.

There have always been active contacts between public organisations—trade unions, youth, women's and many others—in science, culture, health services and sports. An impressive contribution to the development of contacts between the two countries has always been made by the Soviet-Mongolian and the Mongolian-Soviet friendship societies. The range of contacts between the two countries and their peoples is so broad that it would take quite a few pages to just list them. Central to this list, however, and the prevailing factor in Soviet-Mongolian friendship, is cooperation between the CPSU and the MPRP. It cements the entire system of relations between the Soviet Union and Mongolia, and determines their nature.

The Central Committees of the CPSU and the MPRP maintain regular contacts, acquainting each other with the progress of efforts to build socialism and communism in their respective countries, exchanging experience of party work and setting before organisations of the two countries the objectives of further expanding and promoting the effectiveness of Soviet-Mongolian cooperation.

Of special importance for extending the bilateral cooperation and enriching its forms and content, as well as for coordinating foreign po-

licy contacts, are the top level meetings and talks between party and government officials. They reaffirmed the will and determination of Soviet and Mongolian Communists to do all they could to further strengthen their traditional friendly ties and close cooperation. The leaders of the two parties and countries reaffirmed the complete identity of the positions of the Soviet Union and Mongolia on key international issues.

Mongolia's cooperation with other socialist countries is advancing successfully. The Central Committee of the MPRP and government of the MPR maintain regular contacts with the fraternal socialist countries, exchange with them experience of party, government, economic and cultural activities, and coordinate the foreign policy initiatives.

Mongolia is a full-fledged member of the socialist community. In 1962 it was the first non-European socialist country to enter the Council for Mutual Economic Assistance, and has since actively promoted economic contacts, both bilateral and multi-lateral, with members of that organisation. With the adoption in 1971 of the Comprehensive Programme of Socialist Economic Integration, new and broader opportunities opened for Mongolia within the framework of the many-sided cooperation of the council member-countries. The programme puts special accent on the assistance that other council members should provide to Mongolia to accelerate its economic development. Under the Comprehensive Programme, council member-countries have helped Mongolia introduce a series of important economic measures: to set up research laboratories, and a scientific and technical information centre. Since 1976 a large geological team from CMEA countries has been working in Mongolia at the request of the Mongolian government.

Several long-term target-oriented cooperation programmes worked out within the CMEA framework envisage major steps to accelerate and raise the effectiveness of Mongolia's economy, especially agriculture and the food industry. The International Investment Bank of the CMEA countries provides Mongolia with loans on easy terms.

Bulgaria, Hungary, the German Democratic Republic, Poland and other council countries are giving Mongolia considerable help in developing various sectors of its economy under bilateral agreements. An international team of experts and workers from CMEA countries has long been working in Mongolia.

Since Mongolia's economy is relatively modest in scale, economic cooperation with the Soviet Union and other council countries is particularly essential. It provides Mongolia with the opportunity to participate in specialisation and cooperation of production within the CMEA framework, with the socialist division of labour and Mongolia's own opportunities for building a rational and economically effective national economy complex taken into account. This in turn will allow Mongolia to cope more successfully with catching up gradually with the advanced socialist countries in major economic and social indices.

The Mongolian People's Republic is one of the most active builders of the new world which was born after the triumph of the 1917 Great October Socialist Revolution, and which has successfully advanced ever since. This factor has been decisive for the country's foreign policy and its objectives. Along with the Soviet Union and other socialist community countries Mongolia is marching in the front ranks of the movement for peace, security and broad international cooperation. It has been working very energetically to strengthen the positions of world

socialism, and has supported the movement for national liberation and social progress.

Mongolia's consistent foreign policy of peace and its wonderful accomplishments in building socialist society have won broad international recognition and have earned its deserved prestige. Mongolia has diplomatic relations with 93 countries, trade links with more than 30, and cultural ties with about 50. Mongolia became a member of the United Nations Organisation in 1961. Its representatives contribute actively to the work of international organisations and various forums.

Mongolia's foreign policy is outlined in keeping with the principles incorporated in the republic's constitution, in the programme of the MPRP, in the decisions of party congresses, and in other major party and government documents. The predominant direction of Mongolia's foreign policy is a course based on socialist internationalism, aimed at promoting in every possible way the alliance, friendship and cooperation with the Soviet Union and the other socialist countries, and at pursuing a joint coordinated policy with the other socialist countries on the international scene.

The Central Committee of the MPRP and the Mongolian government fully support the constructive and realistic proposals of the Soviet Union and other fraternal socialist countries offering solutions to topical international issues, and are doing all they can to translate these important initiatives into reality. The Mongolian government and people wholeheartedly approved and supported the Prague Declaration of the Warsaw Treaty Organisation member-countries, the joint statement signed by these countries in Moscow, and statements by Soviet leaders spelling out the position of the Central Committee of the CPSU and of the Soviet government and initiatives of the fraternal countries of Indochina to ensure peace and security in Asia.

In turn, all the Mongolian initiatives to improve the international situation have the full and active support of the Soviet Union and other fraternal socialist countries.

Another major direction of Mongolia's foreign policy is its effort to establish and extend friendly relations with young independent states, support the national and social liberation movement, against all racial discrimination, national oppression economic exploitation by world imperialism, and for eliminating colonialism in all its forms and manifestations. Mongolia extends its solidarity to the peoples fighting for national liberation, against imperialist aggression, and gives them all-round political and all available material support.

Mongolia's non-capitalist way of development from feudalism to socialism and its transition from the colonial dependence to full national sovereignty provide an example of the concrete unity between the revolutionary-democratic process in the less-developed countries and the world socialist revolution. The great interest that developing countries in Asia and Africa are showing in the Mongolian experience is logical and understandable. In keeping with the policy guidelines outlined in the main documents of the party and the government, Mongolia is conducting a great deal of education work, explaining and spreading its experience of advancing to socialism.

Working in various international organisations, Mongolia and other socialist and progressive countries always advocate endeavours to abolish all forms and manifestations of colonialism and racial discrimination, to establish a new world economic order, and to ensure conditions in which the developing countries can achieve social progress and genuine independence.

On the initiative of the Mongolian delegation, the 38th Session of the United Nations General Assembly adopted a resolution on national ex-

perience in instituting profound social and economic reforms to achieve social progress. The resolution reaffirms the right of every nation to choose independently its own social and economic system. This is a topical issue, especially, in the present situation when the American administration, which has proclaimed "a crusade against communism", is trying to dictate its will to other nations by any means, including armed intervention, and prevent them from moving along the road of development they have chosen if this road is undesirable for the imperialist powers.

Mongolian representatives contribute greatly to the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and to other regional and specialised organisations. The debate held in the commission on Mongolia's initiative on the role of the public sector in the economic advance of the developing countries and also on the role of national qualified specialists in the social and economic advance of the developing countries drew global attention, as did the recent seminar in Ulan Bator attended by representatives of a number of Asian and African countries on the alternative road of development for the newly-free countries and Mongolia's experience.

Mongolia's contacts with the capitalist world are also advancing. It stands for establishing and developing normal relations with capitalist countries on the basis of peaceful coexistence between states with different social systems, of mutual respect for sovereignty and non-interference in domestic affairs, in the interests of peace and international co-operation.

Of major importance for Mongolia are its relations with its neighbour—the People's Republic of China. The Mongolian People's Republic favours the restoration and development of relations with the PRC on the basis of peaceful coexistence, rightfully believing that not only is this in the interests of the two countries, but will also be conducive to the development of a better situation in Asia and the world.

Mongolia is an Asian country, and the Asian region and its affairs have always figured prominently in its foreign policy. Mongolia has been steadily campaigning for making the Asian continent a zone of peace and goodneighbourliness, and has taken energetic steps in that direction.

Thanks to American imperialism, the situation in Asia has recently worsened. This turn of events for the worse has worried Mongolia and all peaceloving forces on the continent. A session of the Great People's Hural at the end of 1983 expressed the Mongolian people's anxiety at the situation in Asia, and issued an appeal to the parliaments of the countries in Asia and the Pacific Ocean area. "Mongolia's members of parliament," the appeal stated, "express readiness to join effort with members of parliaments in the countries of Asia and the Pacific region in activating the anti-war and anti-nuclear movements through participation in various international initiatives to promote peace and security in Asia and the world as a whole."⁴

The mass anti-war movement in the Asian countries, which the Mongolian parliamentarians urged to be expanded, may become a substantial barrier to the dangerous nuclear buildup and to other military activities by American imperialism in Asia.

⁴ *Mongolia News*, Dec. 9, 1983.

Mongolia is situated in the very heart of Asia, and this makes it particularly sensitive to the overall political situation on the continent, to anxieties and troubles that emerge in its various parts. So it was only logical for Mongolia to suggest an important peace initiative that has the continent-wide significance. In 1981 the 18th Congress of the MPRP put forward a proposal for a convention on mutual non-aggression and the non-use of force in relations between the countries of Asia and the Pacific Ocean area. The proposal was a logical outcome of the efforts that Mongolia has been making for a long time to promote mutual understanding and mutual trust on the continent.

When Mongolia puts forward the initiative to sign a convention it proceeds from the assumption that its provisions will be worked out jointly by all countries that are willing to be signatories. Mongolia has therefore proposed that a conference of representatives of Asian and Pacific region countries be convened to this effect. As the initiator of the conference Mongolia believes that all the permanent members of the United Nations Security Council could attend along with the regional countries so that the effectiveness of a future convention is backed by more solid international guarantees.

The name of the convention itself throws light on the essence and the main elements of the proposed initiative. It is, in the opinion of the initiators, to be founded on the principles of mutual respect, independence, sovereignty, territorial integrity, the inviolability of frontiers, equality, non-interference in other countries' domestic affairs, the non-use of force or the threat of force, the settlement of all disputes by peaceful means, and the development of mutually advantageous cooperation. The sponsors of the conference also believe that in the drafting of the convention, the experience of the Bandung Conference and its well-known principles must be taken into account. The proposed convention could also elaborate on the provisions of the United Nations Charter and its resolutions on the renunciation of the use of force, and seal them in conformity with the concrete situation in the region. Certain provisions in the convention should deal specifically with active moves by the signatories to ease military confrontation, slow down the arms race and institute disarmament measures.

The Mongolian initiative has evoked different reactions. The governments on which the influence of the imperialist and militarist circles prevails have shown no readiness to discuss it. The Mongolian proposal however has won the support of the Soviet Union, the fraternal socialist countries, and several progressive countries of the region. Many countries have displayed a keen interest in the Mongolian idea, and expressed readiness to study it in detail and continue its discussion.

While making its own proposals for improving the situation in Asia, Mongolia at the same time supports initiatives by other countries that could ease tensions on the continent and various parts of it. Mongolia has fully and decisively supported several important initiatives whose purpose was to promote peace and security in Asia. They include the Soviet proposal for developing and putting into effect confidence-building measures in the Far East; the Soviet initiatives providing for a comprehensive settlement in the Middle East; the proposal of the three countries of Indochina for making Southeast Asia a zone of peace, stability and cooperation; and the proposal of the Democratic People's Republic of Korea urging the withdrawal of the American troops and armaments from the Korean peninsula, and Korea's reunification on a peaceful and democratic basis without any outside interference.

The peace initiatives and actions of the socialist countries are pre-

pared through mutual consultations. Mongolia was one of the sponsors of the consultative working conferences of the deputy foreign ministers of the fraternal countries on problems of security in Asia. The first conference took place in Vientiane in December 1981. A communique issued by it stated that the participants welcomed all efforts by governments and peoples in Asia that seek to build interstate relations in the region on the principles of mutual respect, independence, sovereignty, territorial integrity, inviolability of the frontiers, equality, non-interference in other countries' domestic affairs, the non-use of force and the threat of force, the peaceful settlement of disputes, and the development of mutually advantageous cooperation.

A second consultative working conference of the deputy foreign ministers of Bulgaria, Vietnam, Hungary, the German Democratic Republic, Kampuchea, Cuba, Laos, Mongolia, Poland, the Soviet Union and Czechoslovakia took place at the end of October 1983 in Ulan Bator. There was detailed exchange of opinion on a wide range of issues dealing with the situation in Asia. The participants emphasised the extreme importance of the Soviet initiatives calling for the reduction of nuclear weapons in Asia, and of naval military activities on the seas and oceans. They also stressed the increasing practical importance of the proposal for talks on confidence-building measures in the Far East. They reaffirmed the urgency of the well-known initiatives by Mongolia, the countries of Indochina, the Democratic People's Republic of Korea, the Democratic Republic of Afghanistan and other peaceloving Asian states.

The Mongolian public is actively contributing to the Asian movement for peace and security. Mongolian public organisations are trying to broaden their contacts with counter-parts in other Asian countries, and establish closer relations with them in order to invigorate the anti-war movement. In April 1983 a regional conference for peace and security in Asia and the Pacific region sponsored by the World Peace Council and by the Mongolian Peace Committee took place in Ulan Bator. Representatives of more than 30 countries and nine international organisations attended. It was stated during the conference that Mongolia's policy of peace and its initiatives to consolidate peace and security in Asia through the joint efforts of all the countries concerned play an increasingly great and positive role in maintaining world peace. The conference called for a world assembly "For Peace and Life, Against Nuclear War".

There are quite a few opponents of easing tensions in Asia. The imperialist circles are the first and foremost to resist it. Only persistent efforts by all peaceloving Asian countries and all supporters of peace on the continent can check the criminal schemes of the aggressive forces, help maintain peace, and build the reliable foundations of security. Mongolia's active initiatives in favour of normalising the situation in Asia are of vital importance in the campaign for attaining all these goals.

The Mongolian people, guided by its Marxist-Leninist vanguard party—the MPRP—is confidently marching along the way of socialist construction. Marking the 60th anniversary of the 3rd Congress of the MPRP, which elaborated the general policy of the party, that of Mongolia's advancing on the non-capitalist road to socialism and of proclamation of the Mongolian People's Republic, our people takes pride in its achievements, in the revolutionary mission, gloriously carried out by the MPRP, said Zh. Batmunkh, General Secretary of the MPRP CC at the Extraordinary Plenary Meeting of the MPRP CC (August 1984).

Great are the achievements of the Mongolian people, noted Zh. Batmunkh. They create a sound basis for successful solution of ever

greater tasks of the progressive development of the Mongolian People's Republic.

The people of fraternal Mongolia have entered the year of the 60th anniversary of the 3rd Congress of the MPRP determined to work to cement the unity and strength of the great community of socialist countries—the main guarantee of peace and security—and to ensure their country's successful advance to communism.

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PRC ECONOMIC, FOREIGN POLICIES SINCE 1956 ASSAILED

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[Article by S. G. Yurkov: "35th Anniversary of the Chinese People's Revolution"]

[Text] The 35th anniversary of the PRC's proclamation will be celebrated on 1 October 1984. The formation of the People's Republic was the worthy culmination of the struggle waged for many years by the Chinese people under the leadership of the Communists for the victory of the people's democratic revolution. The country took the path of socialist development.

The PRC's path over the last 35 years has abounded in steep turns, sharp bends, abrupt leaps forward and reversals. This has been conditioned by both subjective and objective causes.

Socialism is the society which succeeds the capitalist society, and the more highly developed production forces are under capitalism, the firmer the basis for subsequent progress and for the construction of socialism will be. The people's democratic revolution in China triumphed in a backward semifeudal country. Capitalist relations were extremely underdeveloped, the industrial base was insignificant and the social forces which are supposed to set the pace in the construction of socialism were also weak. China was a peasant country where the working class, consisting of fewer than 3 million persons, was drowned in an ocean of small peasant farms.

V. I. Lenin's words are fully applicable to China: "The more backward a country is when it has to begin a socialist revolution as a result of historical reversals, the more difficult the transition from the old capitalist relations to socialist relations will be. Under these circumstances, new tasks of unprecedented difficulty--organizational tasks--are added to the tasks of destruction."¹

The PRC has indeed encountered numerous problems--social, political, economic, scientific and technical--which still has to resolve.

During the first decade the Chinese people implemented democratic transformations and solved socioeconomic problems, displaying persistent effort and selflessness and utilizing the experience of the Soviet Union and other socialist

countries and relying on their support. This provided the PRC with great advantages, and during this decade it accomplished a very great deal. By 1952 the state had taken over the economy's key sectors, the agrarian reform had been completed and industry had been restored. The first five-year plan covered the 1953-1957 period. Socialist transformations were implemented in the countryside and the cities. Cooperativization was frequently carried out in a hurry and by means of compulsion, and this later had an adverse effect on the economy's development. Nevertheless, the country marched forward quickly. In 1957 gross industrial output totaled 65 billion yuan and agricultural output totaled 60 billion yuan. China produced 5.5 million metric tons of steel (1.35 million in 1952), 130 million metric tons of coal (63.5 million in 1952) and 19.3 billion kilowatt-hours of electricity (7.3 billion in 1952); it harvested 185 million metric tons of grain (154 million in 1952) and 1.6 million metric tons of cotton (1.303 million in 1952); a firm foundation was laid for agricultural development and for the country's industrialization.

The second five-year plan, adopted by the Eighth CCP Congress in 1956, envisaged that output would double; gross industrial output was to reach 130 billion yuan, agricultural output 80 billion yuan, steel production 10.5-12 million metric tons, coal production 190-210 million metric tons, and electricity generation 40-43 billion kilowatt-hours; the grain harvest was to be 200-250 million metric tons and the cotton harvest 2.4 million metric tons. The successful implementation of the second five-year plan--and no one doubted this--was meant to ensure the implementation of the third five-year plan, as a result of which China would overtake, in terms of gross indicators, one of the most developed countries in the world: Britain.

But the implementation of the second five-year plan was thwarted because the Chinese leaders, ignoring economic laws, resolved to accomplish a "leap forward," which was meant to put China among the most developed countries in just a few years. The slogan advanced by Mao Zedong was "3 years of hard work, 10,000 years of happiness!" The task was resolved by establishing communes in the countryside and applying the policy of a "Great Leap Forward" in industry. The unsubstantiated economic calculations collapsed. The formation of communes and the "Great Leap Forward" caused vast imbalances in the economy, the disorganization of production and the waste of material resources. The subsequent "adjustment" took many years.

The main task of the PRC's foreign policy during the first years of its existence was to defend the people's republic from the imperialists, and primarily the U.S. imperialists. China resolved this task successfully, relying on the 14 February 1950 Treaty of Friendship, Alliance and Mutual Assistance with the USSR and on its close and equal cooperation with the socialist countries. Under the terms of the treaty, the Soviet Union sent a number of air force divisions to China, which put an end to the raids by Chiang Kai-shek's air force on Shanghai and other parts of the country and ensured the security of the PRC's eastern seaboard. Subsequently the 19 Soviet Air Force divisions stationed in China reliably protected Northeast China and the country's entire eastern seaboard from raids by the U.S. Air Force. During the Korean war, U.S. General MacArthur proposed using nuclear weapons

against China. H. Truman, the U.S. President at that time, wrote in his memoirs that he did not dare to use nuclear weapons because the United States would inevitably have had to expect retribution since the USSR and PRC were allies. Documents recently declassified in the United States admit that people in Washington again gave the delivery of a nuclear strike against China serious consideration during the Taiwan Straits crisis in 1958. On this occasion as well, the criminal hand of the international brigand was staid by a warning from the Soviet Union.

The USSR and the other socialist countries gave China invaluable assistance in the restoration and development of its national economy. During the first decade, China built, with the Soviet Union's assistance, more than 25 major industrial enterprises, shops and facilities with the latest equipment, including the Anshan (partially) and Wuhan metallurgical combines, the Changchun motor vehicle plant, the Luoyang complex of plants (tractor, ball bearing and mining equipment plants), the Harbin electrical engineering, turbine and boiler plants, the Lanzhou synthetic rubber and petroleum refinery, the Jilin and Taiyuan nitrogenous fertilizer plant, the Fushun shale processing plant, the Fulaerji heavy machine-building plants, a number of powerful power stations and other specialized projects. The Soviet Union handed over more than 24,000 complete sets of scientific and technical blueprints to China, including designs for 1,400 major modern enterprises and licenses to manufacture many industrial products, machines and materials. About 11,000 Chinese engineers, technicians and skilled workers acquired training, scientific instruction and practical experience in the USSR. More than 10,000 Soviet specialists were posted to China.

Even our foes admit that this was the largest-ever transfer of modern technology to another country and considerably exceeded in scale the borrowing of foreign technology by postwar Japan. Furthermore, while Japan had to pay more than 6 billion dollars for patents, licenses and "know-how" in just over 10 years, China received all of this practically for free (payments were only made to cover the cost of copying blueprints and documents and the cost of paper).

The USSR's economic and technical aid enabled the PRC to create entire industrial sectors which had not previously existed in China--aviation, automotive, tractor and radio engineering industries, heavy and precision machine building and many chemical industry sectors--and also to modernize and develop its power, pulp and paper, light and food industries and its transportation.

About 100 enterprises were built in China with the participation of other socialist countries. The fraternal countries provided training for hundreds of Chinese engineers, technicians and skilled workers.

But these achievements made one segment of the Chinese leadership dizzy with success and gave rise to claims to leadership of the socialist community. As China developed, the framework of cooperation with fraternal countries appeared to the Chinese leadership to be increasingly restrictive, and it began to feel oppressed by the position of "equal among equals." Disputes arose on questions of war and peace. Mao Zedong considered that, since the Soviet

Union possessed a powerful nuclear missile arsenal, it should take advantage of this arsenal to destroy imperialism. Sacrifices, no matter how considerable, are unimportant, he claimed.

The claims by the PRC's then leadership to "lead" the remaining socialist countries, claims that gave rise to differences of opinion, soon evolved into downright schismatic activity, and in the early 1960's the Chinese leaders, convinced of the futility of their attempts, decided to break away from the socialist community.

In the early 1960's the Chinese leadership was engaged in "adjusting" the economy--in other words, dismantling the obstructions created by the "Great Leap Forward." Things seemed to be going well. Plans for modernization emerged, put forward by Zhou Enlai in the mid-1960's. But the "Cultural Revolution," launched by Mao Zedong in 1966, upset these plans too. Problems of political struggle came to the fore. Many party and state leaders, many cultural workers and public figures were dismissed from work, discredited, exiled or even simply killed. The economy was paralyzed. The Chinese leaders themselves described this period in the country's history as a "misfortune," as a tragedy, as "feudal fascism" and as "wasted years."

In the foreign policy sphere, the Chinese leadership conducted a struggle on two fronts: a struggle against the socialist countries--this struggle became increasingly fierce and culminated in the military provocations along the Soviet-Chinese border in 1969--and a struggle against the imperialist states, but the actions against imperialism were ultimately succeeded by signals of readiness to cooperate and by "ping-pong diplomacy." In the mid-1960's, Beijing wanted to rely on the national liberation movement, which China proclaimed to be the main revolutionary force of modern times. But the appeals to hoist the banner of "Cultural Revolution" all over the world and the Red Guards' crude interference in the affairs of many developing countries brought about the sharp deterioration of the PRC's ties with this group of countries, including Burma, Sri Lanka (Ceylon), Kampuchea (Cambodia) and many African states.

Relations with the USSR were inflamed to a dangerous degree. Frenzied anti-Sovietism was completely dominant in China, and hatred for everything Russian and Soviet was cultivated. The powerful rebuff given by the Soviet side to the provocations committed by Chinese authorities along the border with the Soviet Union in spring and summer 1969 obviously had a sobering effect. At the same time, although the Soviet Union condemned Beijing's anti-Sovietism and the "Cultural Revolution" as a whole, it reaffirmed its desire to normalize bilateral relations and put forward relevant proposals.

While A. N. Kosygin was on his way back from Hanoi after attending Ho Chi Minh's funeral, the two countries' heads of government met at Beijing Airport on 11 September 1969. A. N. Kosygin and Zhou Enlai agreed to resume the exchange of ambassadors, expand trade and hold talks to clarify the line of the border in certain sectors.

Although the USSR and the PRC exchanged ambassadors soon afterwards, trade picked up somewhat and talks started on 20 October 1969, there was no

substantial improvement in relations. The Chinese press called for greater efforts in the struggle against the USSR, which, it claimed, was the number-one enemy; PRC representatives opposed all of the USSR's international moves to strengthen peace and consolidate socialism's positions. As for the talks, they were deadlocked because the Chinese authorities, using the pretext of "disputed regions," essentially demanded recognition of the legality of their territorial claims against the USSR and rejected the draft documents proposed by the Soviet Union, which actually took the Chinese side's position into account to a considerable extent.

A course of stepping up relations, primarily with the imperialist states, was launched in the international arena. American President R. Nixon visited Beijing in February 1972, after careful preparations behind the scenes. The so-called Shanghai communique, which essentially marked the beginning of the normalization of relations, was adopted. Relations between the PRC and Japan were established in September that year, and the two sides agreed to conclude a treaty on peace and friendship.

In order to provide a "theoretical base" for the rapprochement with the imperialist states, the Chinese leaders, especially Mao Zedong, advanced the "three worlds" concept. Addressing the UN General Assembly's Sixth Special Session on 10 April 1974, Deng Xiaoping set out the following outline of the disposition of forces in the international arena: the United States and the USSR comprise the "first world," the developing Asian, African and Latin American countries make up the "third world" and the developed countries between these two worlds constitute the "second world." Deng described the "first world" as the largest exploiter and oppressor and the seat of a new world war, the "second world" as an opponent of the two superpowers, and the "third world," including all of the developing countries, as the main revolutionary force advancing the wheel of world history in the struggle against the "superpowers." Deng Xiaoping assigned China the position of a developing country belonging to the "third world."² China declared its readiness to unite with the developing countries and imperialist states beneath the banner of the struggle against the "two superpowers."

Later on, as China's rapprochement with the imperialist states proceeded, the "three worlds" theory was to undergo an evolution: It was to transpire that all countries, including the United States, must unite in a single front to wage the struggle against only one "superpower"--the Soviet Union.

Mao Zedong died on 9 September 1976. Acute polemics around Mao Zedong and other figures developed in the country and there was increasingly loud talk of the enormous damage inflicted on the party and the state by the inflated cult of Mao Zedong's personality, his excessive ambitions, the harsh treatment of many party leaders, the "Great Leap Forward," the imposition of rural communes and the crimes of the "Cultural Revolution."

A compromise was reached after prolonged argument. The Sixth Plenum of the CCP Central Committee (June 1981) adopted a "Resolution on Some Questions of the CCP's History Since the PRC's Formation." It attempts to analyze (from Beijing's standpoint at that time, of course) the experience of Chinese

society's development since 1949 and the turning point in the CCP's entire 60-year history. The resolution confined itself to some criticism of Mao Zedong for the "Great Leap Forward," the communes, the excesses of the "Cultural Revolution" and the personality cult in order to enshrine the carefully edited "Thought of Mao Zedong" as a collectively planned state theory and an essentially nationalist ideology and to substantiate the country's present course of development, adopted following the Third Plenum of the CCP Central Committee (December 1978).

The fiercest struggle in the party and the country unfolded around the methods of national economic development. Everyone realized that the Chinese economy was experiencing an extremely grave crisis and that many years in the country's development had been wasted. Everyone wanted to press ahead with modernization, but the question was how. Many supported the thesis that the period in the 1950's had enabled China to make a good start and that it was necessary to turn back to the experience of that period, while making the necessary adjustments, of course. Others considered that there must be socialism in China, but necessarily of the "Chinese type"--in other words, on the pretext of taking China's specific features into account and on the pretext of the "lack of readymade models of socialism," they sought out shortcomings in the practice of real socialism and overemphasized China's specific national features. The latter viewpoint became dominant; it formed the basis of the so-called "course of the CCP Central Committee Third Plenum" and was reflected in Deng Xiaoping's speech at the 12th CCP Congress (September 1982).

The implementation of the Four Modernizations (in industry, agriculture, science and technology, and defense) began to be linked with the "revival" of the economy inside the country via the introduction of far-reaching reforms and with the enlisting of massive aid from abroad in various forms within the framework of an "open door" policy.

The first question to arise was concerned with funds: Where would China find funds, including funds to purchase enormous quantities of equipment abroad? Some high-ranking leaders replied that it was necessary to borrow from the developed capitalist countries, modernize China rapidly without waiting for the end of the present century, and settle with them later. To make sure that the imperialist states would be prepared to help, they stimulated their interest in a strong China, which, they said, already ties down 50 Soviet divisions, and will later, as modernization progresses--or so they claimed--tie down one-half of the USSR armed forces in the Far East. Soon the developed capitalist countries expressed their willingness to lend China more than 30 billion dollars, but people in Beijing saw that China would find itself in financial bondage, since the bulk of the loans would have to be taken out at enormous interest rates. Furthermore, in exchange for this, imperialism expected major political concessions from Beijing. This is why it was later decided to rely mainly on internal resources, using foreign loans carefully and only as a supplementary resource.

At the same time, it appeared to some people in China that a resolute easing of centralized planning would provide great potential for economic development. Proposals were made that only a few major enterprises remain under the State

Planning Commission's control, while the rest should be "abandoned to market forces." This misfired. The very first experiments resulted in the disorganization of production, imbalances, the disruption of existing channels of supply and distribution and the growth of autarchic trends on the local level.

The reforms up to that point took the form of the liquidation of the people's commune system and a transition to the family contract system both in agriculture and in sectors of the village economy, the revival of the mixed economy, the encouragement of the establishment of small trade and industrial enterprises, and incentives for the establishment of joint enterprises with participation by foreign capital and enterprises set up completely with funds supplied by foreign entrepreneurs.

Everywhere in the villages land was contracted out to individual households, which owned their entire product, with a certain percentage set aside for delivery to the state under the terms of the contract. The peasants are encouraged to acquire means of production, including tractors and motor vehicles, as private owners. The hiring of labor and the subcontracting of parcels of land are permitted within prescribed limits. CCP Central Committee Circular No 1 on work in the villages, published in June 1984,³ enshrined the placing of landholdings at the peasants' disposal for a 15-year period (this period is extended to 20-30 years in some regions), the gradual concentration of land in the hands of "skilled farmers" and "strong farms" (without the right to buy or sell the land), the continuation of the hiring of labor, and so on.

More than 5 million licenses have been issued in the cities for the establishment of small enterprises--small workshops, snack bars and small shops. The use of hired labor is also allowed there within certain limits.

Official spokesmen and the press are actively propagandizing the "open door" policy, which, as we recall, is something that the U.S. imperialist predator has always wanted from China. The relevant legislation is being promulgated. Hotels, tourist firms and taxicab pools have already been built in many cities, using funds provided by foreign entrepreneurs. In addition to the four "special economic zones," where particularly advantageous conditions have been established to attract foreign investments, 14 coastal cities where the rights of foreign investors will be expanded were recently designated. In 1984 the total foreign capital investments (including joint enterprises, production sharing and barter deals) will reach 6.5 billion yuan. The "open door" policy, recorded in documents of the National People's Congress (NPC) sessions, is actively publicized during Chinese leaders' trips to Western countries.

China publishes figures showing that the country is developing more steadily and that its development rates are high. According to Chinese statistics, during the period between 1953 and 1982 its total gross industrial and agricultural output increased 10.3 times--industrial output alone increased 21.2 times and agricultural output alone increased 3.1 times--and national income increased 5.8 times. In 1983 steel production stood at 40 million metric tons, power generation at 351 billion kilowatt-hours, petroleum extraction at

106 million metric tons, and coal production at 715 million metric tons. But only time will tell whether this will compensate for the costs China has already incurred as a result of the attempts to counterpose to the socialist countries' collective experience, the transformation it is implementing and its onesided orientation toward the capitalist West.

Many people in China are sounding the alarm in connection with the uncontrolled race by enterprises for profits to the detriment of planning, the stratification of the peasantry, the corruption of officials, "spiritual contamination" and other negative phenomena--the results of concessions to capitalism. It is no accident that the economic "transformations" have prompted sharp arguments in the party and the country. The Chinese press has noted that many people believe that the party "shifted to the right" after the Third Plenum of the CCP Central Committee (1978), that "the party's current course is causing anxiety" and that "the 'open door' policy is having a negative effect on the construction of a socialist spiritual civilization."⁴ It has been noted that in many party organizations only 20 percent of all CCP members actively support the present course, 20 percent have a negative attitude toward it, and the rest are indifferent.

As for the Chinese leadership's foreign policy in the late 1970's and early 1980's, on the fundamental issue disturbing mankind, the question of how war can be prevented, the Chinese leaders initially argued that nothing terrible would happen even if a war should start. Following the 11th CCP Congress, the Chinese press noted that when war is launched, the world's people will find themselves in an "advantageous" and "favorable" position. "Under the conditions of the present day," RENMIN RIBAO wrote in its 1 November 1977 issue, "lasting peace is impossible and a new world war is inevitable." It is typical that China did not support the declaration "on the prevention of nuclear catastrophe" at the 36th UN General Assembly session.

While criticizing the imperialist powers from time to time, Beijing worked to establish ties with them, constantly trying to convince them that they need China as a partner in the struggle against the Soviet Union. A treaty of peace and friendship was signed on 12 August 1978 by the PRC and Japan, and article 2 of that treaty contains anti-Soviet implications. Diplomatic relations between the PRC and the United States were established on 1 January 1979. The United States renounced its recognition of the Taiwan regime and annulled the mutual defense treaty but reserved the right to maintain semiofficial ties with Taiwan and retained the right to supply it with arms. During his U.S. trip in early 1979, Deng Xiaoping advanced the idea of a China-U.S.-Japan-Western Europe "alliance" against the USSR. For several years, this "concept" has determined the Chinese leadership's actual behavior in international affairs.

In relations with the "Third World," Beijing supported counterrevolutionary groups during the struggle in Angola, approved of the Sudanese authorities' violence against leftwing forces and acclaimed the Western powers' intervention in Zaire to suppress the uprising in Shaba Province; it sympathized with Somalia during the attack on Ethiopia by Somali ruling circles; the Chinese leadership fully approved of the Camp David collusion. Beijing tried

in every possible way to support the shah's regime during the revolution in Iran. It greeted with hostility the April 1978 revolution in Afghanistan, and after early 1980 it started participating in the undeclared war against the DRA on the side of imperialist reaction and domestic counterrevolution (meanwhile, China has maintained diplomatic relations with the DRA).

As for the socialist countries, China has maintained active relations only with the DPRK, Yugoslavia and Romania.

Relations with the Soviet Union have been difficult, trade has not exceeded 400 million rubles and there has been virtually no other relations. In April 1979 the PRC Government refused to renew the treaty of friendship, alliance and mutual assistance with the USSR.

The basic guidelines of the PRC's present foreign policy were outlined by the 12th CCP Congress and repeated in the documents of NPC sessions. The current principles and objectives of PRC foreign policy were described by Zhao Ziyang, premier of the State Council, at the Second Session of the Sixth NPC, in May 1984.⁵ This description has been confirmed by concrete actions.

The premier noted that the PRC is following a "principled course" whose components are "independence, autonomy, cohesion with Third World countries and struggle against hegemonism and for the preservation of peace throughout the world." It was said at the same time that China, "with a view to developments and changes in the situation, has promptly adjusted, supplemented and developed certain specific political principles and measures." This was how the head of the PRC Government explained the reversals in Chinese diplomacy and the attempts to adjust and to adapt to rapidly changing situations, which is something that can be seen in many aspects of Beijing's foreign policy.

Emphasis was placed on the role and importance of the five principles of peaceful coexistence as the sole and universal basis of international relations, including relations between socialist countries. Reviewing China's relations with other countries, Zhao Ziyang divided them not on class or social grounds, but according to geographic regions, which reflects Beijing's geopolitical, non-class approach to foreign policy problems. This has been confirmed in other statements by the Chinese premier. For example, he claimed in a recent interview that relations between countries are not determined by the social system prevailing in them and that one cannot "classify governments on the basis of the system existing in the given country" because such criteria are "completely obsolete."

Once again, the main cause of international tension was proclaimed to be the "fight between the two superpowers for world hegemony," against which, the Chinese leaders claim, a struggle must be waged in defense of peace. Responsibility for the exacerbation of international tension is placed equally on the USSR and the United States. Furthermore, the United States' actions are explained as a response to the Soviet Union's "hegemonism." During his tour of a number of West European countries in July 1984, Zhao Ziyang developed this thesis by stressing the Chinese side's view that Western Europe and the

United States were being forced to react to the "threat" from the USSR by deploying U.S. missiles in Western Europe.

The NPC session failed to put forward any serious proposals on international problems. It repeated the earlier demand that the USSR and the United States must be the first to stop testing, developing and producing nuclear weapons and to reach an agreement on the significant reduction of nuclear arsenals. Only after this will China join in disarmament measures.

Over the last few years the Chinese leadership has taken a more flexible stance than in the past on the question of war and peace; it considers that war can be "postponed" and even prevented, and that China needs peace to carry out its modernization. Responsibility for the arms race, however, is placed on the "two superpowers," just as before. At the same time, it is not said who is responsible for exacerbating tension in the world and there is not even a mention of the initiatives of the USSR and other socialist countries on issues of disarmament, the relaxation of international tension in the world and the improvement of the political climate in Asia. Although the Chinese leadership has started to show more interest in disarmament and has advocated the prohibition and liquidation of chemical weapons, in general it takes the stance that the "two superpowers" must disarm while others arm.

The Chinese leadership did everything to encourage the U.S. Administration to embark on a new round of the arms race and deploy nuclear missiles in Europe and condemned the antimissile and antiwar movement. Recently it has stopped attacking the antiwar movement, but on the question of the deployment of nuclear missiles it has adopted a stance which plays into Washington's hands: Let both sides halt the further deployment of missiles and start talks.

Beijing is closing its eyes to the buildup of U.S. weaponry in the Pacific and many parts of the Indian Ocean and is confining itself to slogans: Let the United States and the USSR deploy no more missiles and reduce the number of missiles already deployed in Asia. The session indicated that China desires an improvement in relations with the USSR and the United States, although it is against "their implementation of hegemonism." It was explained that this stance, described as "principled," does not mean that Beijing will adopt a position "equidistant" from the United States and the USSR.

The United States has been cast in the role of the main partner in the acceleration of military construction. Defense Minister Zhang Aiping of the PRC conducted talks on the expansion of military cooperation in Washington in June 1984. The Chinese side, furthermore, naturally wants to receive technology and samples of weapons without attracting special attention and without losing a completely free hand regarding the use of those weapons. The Americans, on the other hand, are worried that weapons manufactured on the basis of their samples might be used against the United States and its allies. For the sake of the benefits from this cooperation, China's Government is making only very limp protests with regard to the continuing arms deliveries to Taiwan by the United States. In 1983 the United States supplied Taiwan with arms and equipment worth 800 million dollars, and this year the total will reach 780 million dollars.

The NPC session noted that people in China "attach great significance" to the development of Sino-American relations, considering them to be "an important factor of peace and stability." This is why the Taiwan question was only mentioned in passing. Emphasis was placed on the fact that people in China "acclaimed" U.S. President Reagan's statements during his recent visit in the PRC regarding readiness to observe the provisions of the three American-Chinese communiques, including those on the Taiwan question, and that they expect the U.S. Administration to really fulfill the pledges it has given.

Although people in Beijing declared that the PRC will not join in an alliance with any power and that it will not engage in "strategic cooperation" with the United States, a system for the exchange of information of a military nature has been established between China, the United States and Japan, and activity is eventually being coordinated in the international arena. It has been stressed that relations with Japan are based on four principles--"peace and friendship, equality and mutual advantage, mutual trust, and the maintenance of long-term stability." The session did not offer any assessments of Japan's foreign policy. In Beijing's opinion, Japan is its most suitable economic partner. For their part, Japanese trade and industrial circles expect aid to China to produce returns: After establishing close economic ties, Japan, they believe, will be able to influence Chinese policy. After all, the Chinese leaders are already declaring, for the sake of good relations with Tokyo, that no militarization is taking place in Japan.

Declarations that the PRC ranks among the "Third World" countries are again being heard in Beijing. But relations with these countries are contradictory. Although the PRC is wooing some of the nonaligned countries and is even adapting itself to their stance at times, it is openly hostile to others. China has not only participated in the undeclared wars against Kampuchea and Afghanistan but is also encouraging them in every possible way. Ruling classes in Thailand and Pakistan are its great friends in this respect. Although Beijing awkwardly shows a desire to normalize relations with India, it continues to support various separatist and antigovernment movements in that country. According to many sources, Chinese weapons are pouring into Iran, whose leaders refuse to start peace talks with Iraq. Beijing sometimes criticizes the United States with regard to issues in the Middle East, southern Africa and the Caribbean, but it immediately tries to discredit the USSR's policy as well.

Just as in the past, China is applying a "differentiated approach" toward the socialist countries. The abovementioned NPC session noted the "good development of relations" with the DPRK, Romania and Yugoslavia, spoke of the "broad prospects" for friendly relations between China and the "East European socialist countries," but kept silent about Cuba and Mongolia. In practical terms, the PRC maintains the most active ties with the DPRK, Romania and Yugoslavia among all the socialist countries. After a long break, the Chinese leadership has started once more to describe the East European countries as socialists and to expand trade and economic ties with them. The PRC is following a policy of constant pressure, including military pressure, against Vietnam and Laos.

Although the Chinese leadership declares that China is in favor of establishing good relations with neighboring countries and resolving differences through friendly consultations, something different is nonetheless indicated by the provocations along the border with the SRV, which were stepped up precisely at the time when the session was being held and became particularly intense in the first half of May 1984. The Chinese leadership has made the improvement of relations with Vietnam dependent on acceptance of the entire range of Chinese conditions, including conditions relating to the offer of assistance to Kampuchea. A provocative anti-Vietnamese thrust was given to the session's resolution on the PRC's Hainan administrative region, which includes the Spratly and Paracel Islands.

Zhao Ziyang's report to the session spoke of the Chinese side's "sincere desire" to normalize relations with the Soviet Union and readiness to develop exchanges with the USSR in the spheres of economy, technology and culture and of the fact that "peace and harmony" accord with the interests of both countries and "serve the cause of peace all over the world." At the same time, Zhao accused the USSR of creating "a serious threat to the security" of China. As before, the prospects of Soviet-Chinese relations are linked to demands that the Soviet side take "practical actions" to clear the "obstacles," by which the Chinese leadership means the USSR's relations with Vietnam, the presence of the limited contingent of Soviet troops in Afghanistan and the Soviet military units in Mongolia and in regions along the Soviet-Chinese border.

Certain changes have occurred in Soviet-Chinese relations in the last 2 years. There are contacts in sports, science and technology, and the volume of trade has increased considerably. Political consultations are taking place on questions of bilateral relations, and there is an exchange of opinions on international problems. But unfriendly propaganda against the USSR continues in China: Articles and books are published clearly for the purpose of cultivating feelings of hostility toward the USSR among young people and justifying territorial claims against the Soviet Union.

The Soviet Union invariably proceeds from the premise that the long-term interests of the Soviet and Chinese peoples are not opposed to one another but, on the contrary, coincide. Our countries have considerable potential for large-scale cooperation. Furthermore, the normalization of relations between the USSR and the PRC would help to enhance the role of socialism in international life and to strengthen universal peace. "We are consistent advocates of this normalization," K. U. Chernenko said. "Political consultations show, however, that disagreements remain on a number of questions of principle. In particular, we cannot enter into any accord to the detriment of the interests of third countries. But the exchange of opinions continues and we consider it useful."⁶

Thirty-five years is a considerable time. During this period the PRC has scored great successes. They could have been even greater, but the Chinese working people are not to blame for this. Soviet people congratulate the Chinese people on their holiday and wish them great accomplishments along the path of socialist construction.

FOOTNOTES

1. V. I. Lenin, "Poln. sobr. soch." [Complete Collected Works], Vol 36, pp 5-6.
2. RENMIN RIBAO, 11 April 1974.
3. Ibid., 12 June 1984.
4. Ibid., 18 May 1984.
5. Ibid., 1 June 1984.
6. PRAVDA, 3 March 1984.

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POST-WW II WAR CRIMES TRIALS IN JAPAN RECALLED

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[Article by A. N. Nikolayev, doctor of juridical sciences: "The Stern Lesson of World War II"]

After the defeat of fascist Germany and militarist Japan—in which the Soviet Union and its Armed Forces played the crucial role—the allied powers adopted decisions to punish German and Japanese war criminals for their crimes. As early as December 4, 1941, the USSR government issued a declaration, which was the first to state that the punishment of Hitler's criminals was an integral part of the guarantee of a lasting and just peace. "After winning the war—the Declaration pointed out—and after the appropriate punishment of Hitler's criminals, the Allies' task will be to guarantee a lasting and equitable peace."¹

On April 27, 1942, the People's Commissar of the USSR Foreign Affairs published a note which stated that Hitler's government and its stooges will not evade their great responsibility, and will be deservedly punished for all the unprecedented crimes they have committed against the people of the USSR and all freedom-loving nations.²

Demands to punish Hitler's criminals were also voiced in the other countries that took part in the war against nazi Germany.

In August 1942, US President Franklin D. Roosevelt declared the following on the responsibility of Hitler's criminals: "Justice demands that they be warned that the time will come for them to stand trial in the countries they now oppress and to answer for their deeds".³

The declaration on the responsibility of the nazis for their crimes, published by the three heads of government—the Soviet Union, the United States, and Great Britain—on November 2, 1943 in Moscow stated: "...Acting in the interests of 32 united nations, the three allied powers solemnly declare and warn ... that ... those German officers and soldiers and members of the Nazi party, who were responsible for ... atrocities, killings, and executions or who participated in them voluntarily, will be deported to the countries, where their heinous crimes were perpetrated so that they could be tried and punished in accordance with the laws of these liberated nations and free governments that will be created there."⁴

The declaration did not touch on the issue of the responsibility of the main criminals whose crimes were not connected with a specific geographic location, and who were to be punished by a joint decision of the allied governments.

The question of punishing the nazi criminals was discussed at the tripartite conferences (the Soviet Union, the United States, and Great Britain) in the Crimea in February 1945 and in Berlin in July 1945.

On August 8, 1945, in London, the representatives of the USSR, the USA, Great Britain and France signed an agreement on instituting an International Military Tribunal to try the main war criminals of the axis European countries, and endorsed the tribunal's procedure and its operating principles.⁵

* The author, a retired Guards Major of Justice, took part in the Tokyo trial as secretary of the Soviet representation to the International Military Tribunal for the Far East.

¹ *The Foreign Policy of the Soviet Union during World War II*, Vol. I, Moscow, 1944, p. 169 (in Russian).

² *Ibid.*, p. 235.

³ A. N. Trainin, *Criminal Responsibility of Hitlerites*, Moscow, 1944, p. 5 (in Russian).

⁴ *The Foreign Policy of the Soviet Union during World War II*, Vol. I, p. 363.

⁵ *Ibid.*, Vol. III, p. 369.

The International Military Tribunal had "the right to try and punish the persons, who, acting in the interests of the axis European countries individually or as organisation members, committed any of the following crimes:

a) *crimes against peace*, namely: planning, preparing, unleashing or waging an aggressive war or a war in violation of international treaties, agreements or commitments, or involvement in a joint plan or a conspiracy aimed at perpetrating any of the above actions;

b) *war crimes*, namely: violations of laws or customs of war. These violations include killing, torture or abduction of civilians from an occupied territory for enslavement or for other purposes; killing or torture of POWs or persons at sea; killing of hostages; plunder of public or private property; senseless destruction of cities and villages; devastation, unjustified by military necessity, and other crimes;

c) *crimes against humanity*, namely: killing, extermination, enslavement, banishment and other cruelties committed against civilians before or during a war, or persecution for political, racial or religious motives for the purpose of perpetrating a crime or in connection with any crime, subject to the Tribunal's jurisdiction, regardless of whether these actions were in breach of the national legislation of the country, where they were carried out or not.

The leaders, sponsors, instigators and accomplices involved in drawing up or implementing a general plan or a plot, aimed at perpetrating any of the above crimes, bear responsibility for all the actions, committed by any person with the purpose of putting such plans into effect."⁶

In accordance with its Rules of Procedure, the International Military Tribunal, which met in Nuremberg from November 20, 1945, to October 1, 1946, convicted the main German war criminals for their crimes against peace, war crimes, and crimes against humanity.

In its resolution of December 11, 1946, the United Nations General Assembly confirmed the principles of international law on which the Nuremberg Tribunal was founded and according to which they were expressed in its verdict. Thus, the UN recognised that wars of aggression, war crimes, and crimes against humanity are the gravest of international crimes.

For the first time, statesmen found guilty of preparing, unleashing, and waging aggressive wars were punished as criminals.

In accordance with the Nuremberg principles, an International Military Tribunal for the Far East was established which convicted the leading Japanese war criminals.

A decision to try the Japanese war criminals was expressed in an appeal from the heads of government of the USA, Great Britain, and China demanding that the Japanese Armed Forces surrender unconditionally. The appeal, called the Potsdam Declaration, issued on July 26, 1945, was subsequently joined by the Soviet Union. The declaration stated: "The power and influence of those who deceived and misled the people of Japan and forced them onto the path of world conquest should be eliminated once and for all since we firmly believe that a new order of peace, security, and justice will be impossible until irresponsible militarism has been driven out of the world."⁷

The Soviet Union joined the Potsdam Declaration in order to bring the end of the war nearer and thereby help restore universal peace.

"The Soviet Government believes," noted the statement of the People's Commissar of the USSR Foreign Affairs of August 8, 1945, "that such

⁶ *The Nuremberg Trial. A Collection of Materials in Seven Volumes*, Vol. I, Moscow, 1957, pp. 67-68 (in Russian).

⁷ *The Soviet Union at International Conferences during World War II (1941-1945)*, Vol. VI, Moscow, 1980, p. 383 (in Russian).

a policy is the only way that can bring peace nearer, relieve nations of further casualties and suffering, and enable the Japanese people to avoid the dangers and destruction that Germany experienced following its rejection of unconditional surrender."⁸

The Soviet Union's entry into the war against Japan quickly sealed the fate of Japanese militarism, and led to ending of World War II.

On September 2, 1945, on board the American battleship *Missouri*, in the Gulf of Tokyo representatives of the allied nations, including a Soviet spokesman, Lieutenant-General K. Derevyanko, and representatives of Japan—Foreign Minister Mamoru Sigemitsu and the Chief of Staff, General Ioshijiro Umezu—signed the historic act of Japan's unconditional surrender.

The victory over militarist Japan in the East, like the victory over fascist Germany in the West, was a historic event in freeing humanity of the dark forces of reaction.

At their conference in Moscow in December 1945, the Soviet Foreign Minister, the US Secretary of State, and the British Foreign Secretary decided that the Supreme Allied Commander in Japan would carry out all measures necessary to put into effect the conditions of capitulation, occupation, and control of Japan. The decision was also joined by China.⁹

Diplomatic talks between the countries concerned—the USSR, the USA, Great Britain, China, France, Australia, Canada, New Zealand and the Netherlands—led to an agreement being reached that the leading Japanese war criminals would be tried by an International Military Tribunal of representatives of the above countries. The agreement was later joined by India and the Philippines.

As a result, the International Military Tribunal in Tokyo included 11 judges, representing 11 united nations.

A comparison of the rules of procedure of the International Military Tribunals which tried the German and Japanese war criminals¹⁰ show that the basic organisational principles of the two were very different.

The International Military Tribunal in Nuremberg, as was earlier observed, was created under an agreement, signed between the four allied powers, and consisted of four members appointed by these powers. Before a session was to begin, the tribunal members chose one of their number as Chairman.

Each of the four countries appointed a chief prosecutor to investigate the cases of and charges against the main war criminals; they themselves decided the terms of reference to initiate prosecution on individual sections of the verdict. The chief prosecutors comprised a committee to investigate the cases of and charges against the main war criminals, and rotated the chairmanship among themselves; decisions were adopted by a majority vote. The chief prosecutors in the committee tackled many important questions, issued the final ruling on a circle of persons to be tried by the tribunal, and endorsed the Indictment.

The tribunal's verdict was considered final and not subject to appeal. It was to be effected by an order issued by a Control Council in Germany. This Council could soften or change the verdict, but it could not make the punishment harsher.

On the whole, the International Military Tribunal which tried the leading German war criminals was formed by the four allies along democratic lines of equality.

⁸ *The Foreign Policy of the Soviet Union during World War II*, Vol. III, p. 363.

⁹ *Izvestia*, Dec. 28, 1945.

¹⁰ *The Nuremberg Trial*, Vol. I, pp. 66-73; M. Yu. Raginsky, S. Ya. Rozenblit, *The International Trial of Main Japanese War Criminals*, Moscow, Leningrad, 1950, pp. 45-56 (in Russian).

However, the International Military Tribunal that tried the main Japanese war criminals was based on entirely different principles.

The Tribunal was set up in accordance with an order to organise "an International Tribunal for the Far East", proclaimed on January 19, 1946, by the Supreme Allied Commander in the Far East, US Army General D. MacArthur. He also personally endorsed the rules of procedure of the tribunal.

In accordance with the rules of procedure of the International Tribunal for the Far East, the tribunal members and chairman were appointed by the Supreme Allied Commander from the candidates, nominated by the countries which signed the act of capitulation, as well as representatives of India and the Philippines (Articles 2 and 3).

The Supreme Commander also appointed the chief prosecutor, responsible for investigating cases and carrying out prosecution.

Any state, belonging to the United Nations with which Japan was at war had the right to appoint an extra prosecutor to assist the chief prosecutor (Art. 8).

Duties to be carried out by the extra prosecutors were distributed among them by the chief prosecutor, who determined for each extra prosecutor the verdict points on which he should continue prosecution.

The verdict was to be made by an order of the Supreme Allied Commander, who had the right to commute the verdict or alter it in some way, but never make it more severe (Art. 17).

Consequently, the International Military Tribunal which tried the main Japanese war criminals was formed on the principles of the court participants' dependence on the Supreme Allied Commander rather than on the principles of parity.

These organisational principles undoubtedly guaranteed that the United States would dominate the tribunal and enabled it to influence the entire preparatory stage and course of the trial.

Significantly, the International Military Tribunal opened in Tokyo two months after Winston Churchill, in President Truman's presence delivered his sharply anti-Soviet speech in Fulton, USA, on March 5, 1946, in which he proposed that an Anglo-American military alliance be formed to fight against "eastern communism" and to establish the supremacy of "the English-speaking world". In this speech, Churchill in fact, outlined a cold war programme launched by the West against socialism. The cold war which was thus initiated definitely affected the work of the International Military Tribunal in Tokyo.

The composition of the tribunal looked like this: appointed by the Supreme Allied Commander, the Tokyo Tribunal consisted of the following eleven judges: V. B. Pal—India, B. Roling—the Netherlands, S. MacDougall—Canada, W. Patrick—Great Britain, M. Cramer—the USA, W. Webb—Australia, D. Mei—China, I. Zaryanov¹¹—the USSR, A. Bernard—France, E. Northcroft—New Zealand, D. Jaranilla—the Philippines.

W. Webb of Australia was appointed chairman of the Tribunal.

One can easily notice by the list that the tribunal was by and large Anglo-American; from the political angle, most of the tribunal members were also pro-American.

Except for the judge from the Soviet Union, all the others were bourgeois intellectuals, educated in the spirit of bourgeois philosophy and law.

A prominent American lawyer, G. Keenan, was appointed chief prosecutor at the Tokyo trial. He was close to US President Truman, and,

¹¹ I. M. Zaryanov—a member of the Military Collegium of the Supreme Court of the USSR, Major-General of Justice.

being in Tokyo, was a close aid of and legal adviser to MacArthur. At the Tokyo trial, Keenan, because of his position, was compelled to expose the crimes perpetrated by the leading Japanese war criminals.

After several months of work by the tribunal Keenan was recalled to Washington; he then returned to Tokyo, but did not resume his duties before August 1947. So the Tokyo trial proceeded for nearly a year without the chief prosecutor. Significantly, upon his return to Tokyo, Keenan had substantially changed his position from that held at the beginning of the trial. His attitude in the tribunal was undoubtedly affected by the new foreign policy of the US government, spelled out in March 12, 1947 by President Truman in his address to Congress, "the Truman Doctrine" which finalised the cold war policy, that became official American foreign policy.

On his arrival in Tokyo, Keenan released from Sugamo prison 23 war crime suspects, including several top big business representatives, on the pretext that there was no evidence against them. To justify his decision, Keenan claimed that "he did not believe that Japanese industrialists kindled war in the past."

During the cross-examination of Admiral Okada at the tribunal session on September 25, 1947, Keenan went out of his way to show that the Japanese Emperor Hirohito did not want to begin a war, and to support his claim declared: "As the chief prosecutor appointed by this Rule of Procedure, I hereby respectfully draw the tribunal's attention to the fact that we regard the defendants in the dock as responsible for unleashing this war. If others were also responsible, they would be in the dock, too."¹²

This implied that since the Japanese Emperor was not in the dock, he was not responsible for unleashing the war.

The extra prosecutors at the Tokyo trial were S. Golunsky and, since November 1946, A. Vasiliyev of the USSR; V. Bergerhof-Mulder of the Netherlands; G. Nolan of Canada, A. Commings-Carr of Great Britain, A. Mansfield of Australia, Ch. Xiang of China, R. Honetaut of France, R. Quilliam of New Zealand, and P. Lopez of the Philippines.

The Soviet prosecutors worked persistently for the triumph of justice, for the exposure and indictment of the leading Japanese war criminals. During the trial, the other prosecutors had to accept much of their Soviet colleagues' position.

Defending the Japanese war criminals were American and Japanese lawyers at a rate of one American and one Japanese defence counsel per each defendant.

The American defence counsels repeatedly pointed out that they had come to the International Military Tribunal at the appointment of the Secretary of Defence to act on behalf of the American people. Major Blackney, the chief American defence counsel, quite often made anti-Soviet statements. It was obvious that Blackney and some other American defence counsels acted in an anti-Soviet spirit at the direct instruction of MacArthur's Headquarters.

Japan's defence counsels were leading Japanese lawyers. The chief Japanese defence counsel was Dr. of Law Somei Uzawa, who had recently been a member of House of Peers—the Upper Chamber of the Japanese Parliament—and President of the Christian Association.

Uzawa, a convinced reactionary fully shared the war criminals' ideas, and defended them with conviction and zeal.

On trial in Tokyo were 28 Japanese war criminals. Each had a rather long service record. For example, Tojo's service record lists 120 ranks held at different times, 23 honorary titles and 11 awards conferred on him

¹² *Verbatim Report of the Tokyo Trial*, Sept. 25, 1947.

by the Emperor. Going down the list in English alphabetical order, are the names of all the defendants and the leading posts they held at the time of or shortly before capitulation:

S. Araki—General, War Minister, later Minister for Education; K. Doihara—General, celebrated intelligence officer, expert in provoking "incidents" in China, Air Force Commander; K. Hashimoto—"ideologist" of Japanese imperialism and aggression, publisher and editor of a fascist youth paper; S. Hata—Fieldmarshal, expedition corps' commander in central China; K. Hiranuma—Baron, Prime Minister, later Secret Council Chairman; K. Hirota—Foreign Minister, later cabinet adviser; M. Hoshino—Planning Bureau Chairman, Deputy Prime Minister; S. Itagaki—General, War Minister, later Japanese Army Commander in Korea; O. Kaiya—Finance Minister; K. Kido—Marquis, Court Minister and principal secret adviser to the Emperor; H. Kimura—General, Deputy War Minister; Koiso—General, Minister of Colonies, later Prime Minister; I. Matsui—General, expedition corps' commander in China, Chairman of the Greater East Asia Development Society; Matsuoka—Foreign Minister; D. Minami—General, War Minister, later Kwantung Army Commander, Chairman of "Great Japan" society; A. Muto—General, Chief of the Military Affairs Bureau of the War Ministry; O. Nagano—Admiral, Navy Minister; T. Oka—Admiral, Deputy Navy Minister, naval base commander in Korea; S. Okawa—philosopher, ideologist of Japanese militarism; H. Oshima—General, Ambassador to Germany; K. Sato—General, Chief of the Military Affairs Bureau of the War Ministry; M. Shigemitsu—Ambassador to USSR in 1936-1938, Foreign Minister in 1943-1945 and simultaneously from 1944 until April 1945—Minister for Greater East Asia affairs; S. Shimada—Admiral, Navy Minister, Navy Headquarters Chief; T. Shiratori—Ambassador to Italy, Foreign Ministry adviser; T. Suzuki—General, Planning Bureau Chairman, later cabinet adviser; S. Togo—Ambassador to USSR in 1938-1941, from April 1945—Foreign Minister and Minister for Greater East Asia affairs; H. Tojo—General, War Minister in 1940, from December 1941 to July 1944—Prime Minister; I. Umezu—General, Kwantung Army commander, the last chief of staff of the Japanese army, who signed the act of Japan's capitulation on behalf of the army.

Thus, of the 28 Japanese officials, put on trial by the International Military Tribunal, 18 were military men belonging to the Japanese military clique.

Indicatively, far from all main war criminals were brought to trial. In the dock were only political, military, and ideological leaders. Those who in fact coordinated their actions—the owners of the leading Japanese industrial monopolies—remained unpunished. On instruction from Washington, chief prosecutor Keenan and the Supreme Allied Commander in the Far East MacArthur did not allow on the list several reactionary figures, principally heads of major Japanese financial and industrial associations (*zaibatsu*), which created the material basis for Japan to wage its aggressive wars. The objective was obviously to spare and use them in the future to implement the plans of restoring Japan's military strength for war against the Soviet Union and China.

Some Japanese leaders preferred to commit suicide to evade lengthy interrogations and public condemnation at the long and tormenting sessions of the International Military Tribunal in their country's capital. Prince Konoe, who was three times Prime Minister of Japan, a relative of the Emperor, and a major shareholder in a number of leading industrial companies, took poison on the night of December 15, 1945, just a few hours before he was to report at the Sugamo prison.

The main Japanese war criminal in the dock at the International Military Tribunal in Tokyo was Tojo. Shortish, thin, with a face like a

bronze mask, narrow eyes, flat nose, and stiffly clenched thin lips, this man considered himself a great political and military leader, and hoped to realise his dream of world dictatorship. As a defendant, he was dressed in Japanese military uniform, but without the shoulder straps of the general. At the trial Tojo tried to play the role of Prime Minister among the former ministers and military leaders who were subordinate to him. But he knew what verdict awaited him, and for this reason tried to commit suicide, but failed to do that. He spent a month in a military hospital, and was then transferred to the Sugamo prison. There he made another suicide attempt, but was foiled by a prison policeman.

What were the main Japanese war criminals convicted for, and what was the formula of indictment?

In accordance with the indictment drafted on behalf of the 11 United Nations and submitted to the International Military Tribunal on April 29, 1946, the 28 defendants were accused of committing crimes against peace, war crimes, and crimes against humanity determined by the Rules of Procedure of the International Military Tribunals in Nuremberg and Tokyo.

The introductory part of the indictment gives the general political characteristics of the criminal activity of the Japanese ruling militarist clique. It points out in part that for many years "Japan's domestic and foreign policies were led and directed by the criminal militarist clique, and these policies were the cause of major world upheavals, aggressive wars, and great danger to the interests of both peaceloving nations and the people of Japan themselves... The Japanese people's conscience was systematically poisoned by dangerous ideas of the so-called racial superiority over other Asian nations and even over the world..."

There was a conspiracy between the defendants and the rulers of other aggressive states, namely Nazi Germany and fascist Italy. The conspiracy was chiefly aimed at ensuring the domination of the aggressive states and their exploitation of the rest of the world in order to perpetrate or inspire the perpetration of crimes against peace, war crimes, and crimes against humanity in the sense they are defined by the Rules of Procedure of this Tribunal."¹³

The Indictment included 55 points containing general charges against the defendants and the definition of the guilt of each defendant separately. These charges were systematised in three sections, entitled "Crimes Against Peace" (1-36), "Murders" (37-52), and "Crimes Against Laws and Customs of War and Crimes Against Humanity" (53-55).

The Indictment was signed by the chief prosecutor on behalf of the USA, and by the 10 prosecutors from the other countries, including the USSR.

The prosecution did extensive work investigating the defendants' crimes, and prepared a detailed, well-reasoned Indictment against 28 leading Japanese war criminals and submitted it to the International Military Tribunal for discussion.

Point 1 of the Indictment formulated the charge concerning the drawing up and carrying out a general plan, which had the nature of a conspiracy, aimed at establishing Japan's military, naval, political and economic domination over East Asia, the Pacific and Indian Oceans and all the countries and islands situated in this area or bordering on it.

This indictment point exposed the idea set forth by Tojo, Togo, Hashimoto, Minami, and other Japanese leaders to create a Greater Eastern Co-Prosperity Sphere under the leadership of the Japanese

¹³ M. Yu. Raginsky, S. Ya. Rozenblit, *Op. cit.*, pp. 87-88.

nation, a sphere that would include Japan itself, Manchuria, China, the Philippines, Australia, New Zealand, India, Indochina, Dutch East India, the Aleutian Islands, Thailand, Malaysia, Burma, New Guinea, and other countries of the Asian continent, as well as the eastern part of the Soviet Union. The Japanese fanatics dreamed of turning the Sea of Japan into a lake of Japan, and of establishing full control over the Pacific and Indian Oceans.

The first open session of the International Military Tribunal for the Far East began on May 3, 1946, in the building which once housed the Japanese War Ministry.

In a brief introductory speech, Tribunal Chairman Webb said: "We will conduct our session as quickly as possible without being unfair towards the defendants." After that, the Indictment was read out and the defendants were questioned. All of them pleaded not guilty on all points of the Indictment.

On June 4, 1946, the prosecution opened its case. A major speech was made by chief prosecutor Keenan, who said in part: "This is an unusual trial since it is part of the battle that civilisation is waging to protect the world against total destruction. This threat of destruction stems not from the forces of nature, but from carefully planned premeditated actions by both individual persons and members of various groups, which wished to bring the world to an untimely end in their mad desire for supremacy."¹⁴

After Keenan's introductory speech, the prosecution began submitting evidence. In evidence the tribunal received from the prosecution 2,485 documents, 561 written witness accounts, and questioned 109 witnesses in court. The shorthand record of this stage of the trial comprised 16,259 pages.¹⁵

Between October 8 and 21, 1946, Soviet Prosecution submitted evidence on the section of the Indictment "Japan's Aggression against the USSR."

A major introductory speech was made by the Soviet prosecutor S. Golunski, corresponding member of the USSR Academy of Sciences. His one-and-a-half-hour politically poignant, juridically sound and interesting speech was listened to carefully. It ended with the following words: "It took the Red Army's crushing blow against the crack Japanese troops concentrated in Manchuria for the presumptuous Japanese militarists to finally realise that they had lost the war. They realised that they were beaten; it was hard not to understand this given the situation in which Japan, routed and encircled on all sides, found itself. There is one thing they have not yet admitted, and do not want to admit, and this is that they committed crimes. All of them in one accord have declared here at the trial that they plead not guilty at all. This reemphasises the fact that if they were at large, and if the necessary means were in their hands, they would again act in exactly the same way they have so far acted".¹⁶

To substantiate their section of the Indictment, the Soviet prosecutors submitted 174 documents, including 24 written witness accounts, and examined seven witnesses, five Japanese included, in court. Convincing evidence, confirming Japanese aggression against the Soviet Union came from the former Emperor Manchu-kuo Henri Pu-I.

Following the nine-month case for the prosecution, the case for the defence got under way on February 24, 1947; it lasted nearly 10 months. American and Japanese lawyers launched a frontal attack against the tribunal and the Prosecution. They first challenged Tribunal Chairman Webb and then tribunal member Jaranilla of the Philippines. Then they

¹⁴ *Verbatim Report of the Tokyo Trial*, June 4, 1946.

¹⁵ M. Yu. Raginski, S. Ya. Rozenblit, *Op. cit.*, p. 155.

¹⁶ *Verbatim Report of the Tokyo Trial*, Oct. 8, 1946.

presented several solicitations, whose essence boiled down to the fact that the tribunal was illegal, and all the defendants were not guilty and should be set free. On examining all these applications and on hearing the defence and prosecution arguments, the tribunal dismissed them as groundless.¹⁷

The "Truman Doctrine", which contained a call to fight communism, was of great help for the defence. The American lawyers referred to the Truman message, and asked the tribunal to accept it as grounds in support of the claim that the tribunal had unfairly tried the defendants. The tribunal denied this request.

Chief prosecutor Keenan in his speech declared that "he intends to speak in the name of America". The defence counsel Major Blackney noted that the American defence counsels also spoke on America's behalf. Blackney objected to trying the defendants for murder, and said: "If the death of Admiral Kidd during the raid on Pearl Harbour was murder, then we know the name of the man by whose hands the atomic bomb was dropped on Hiroshima, we know the chief of staff who planned that operation, we know the supreme commander of the country responsible for it."¹⁸

The tribunal denied the defence objection.

Defence put forward many objections to evidence submitted by the Soviet prosecution, but all were denied.

From the defence the tribunal received 1527 documents and 214 written witness accounts, including from former German Foreign Minister Ribbentrop, who signed his account just before his execution on October 15, 1946. During the trial, 310 people were questioned as witnesses, among them 16 defendants. One point of interest is that nine defendants—Doihara, Hata, Hiranuma, Hirota, Hoshino, Kimura, Sato, Shigemitsu, and Umedzu—refused to give evidence.

Once the judicial inquiry was completed, the final indictment speech was delivered. Unlike the Nuremberg trial, at which each of the four chief prosecutors made a final speech of his own, only one speech of indictment was delivered at the Tokyo trial. Its introductory section was read by the chief prosecutor, and the remaining sections by the extra prosecutors and their assistants. The tribunal took 14 days and 3,126 pages of shorthand records of the trial to deliver the indictment speech.

The prosecution speech summed up the results of the two-year trial, indicating its political significance, and analysing and evaluating the evidence it had presented. It also exposed and criticised the defence's manoeuvring, proving that its evidence was defective and its conclusions ungrounded. The speech also dealt with the legal issues pertaining to the trial, and provided a detailed analysis of the crimes committed by all the defendants and by each of them individually. The speech concluded that the defendants had committed the gravest crimes against peace, war crimes, and crimes against humanity and were to be brought to severe punishment.

In the foreword to the indictment speech, it is stated: "...The evidence shows that Japan's ruling clique pursued an aggressive policy against the Soviet Union, committed acts of aggression, and for several years prepared a large-scale aggressive war against the USSR."¹⁹

The Soviet prosecutor, who read the concluding section of the speech dealing with Japan's aggression against the USSR, said the purpose of the tribunal's judgement was "to condemn the Japanese aggression against peace-loving nations; to severely punish the leading Japanese war criminals and thereby promote Japan's transformation into a peaceful

¹⁷ *Ibid.*, Feb. 3, 1947.

¹⁸ *Ibid.*, May 14, 1946.

¹⁹ *Ibid.*, Feb. 11, 1948, p. 38987.

democratic state and protect the world against new aggression; to warn those blinded by the insane idea of gaining world domination and by the ideas of annexing other countries' territories and conquering nations, who would like to put into effect something similar to what Hitler's Japanese associates tried to accomplish through their criminal activities." ²⁰

The text of the judgement was ready on November 4, 1948, following the judges' deliberations which lasted six months and 19 days. The judgement is 1,214 pages long. (The judgement of the Nuremberg International Military Tribunal occupies 340 pages.) The judgement of the Tokyo tribunal was read on November 12, 1948.

It has three main parts. Part One (A) presents the general issues of the legal procedure. Part Two (B) describes the specific criminal acts and facts established in the legal investigation. Part Three (C) formulates the tribunal's conclusions on specific clauses of the Indictment, establishes the guilt of each defendant, and defines the punishment for each.

Like the judgement of the Nuremberg trial, the judgement of the International Military Tribunal in Tokyo reaffirmed that war of aggression is a crime.

The judgement states that the principal Japanese war criminals committed crimes against peace: they planned, prepared, unleashed, and waged wars of aggression against other countries; flagrantly violated international law, treaties, and agreements; committed war crimes and crimes against humanity on an extensive scale; participated in a general plan or conspiracy to put into effect all of the above crimes.

A substantial section of the judgement is devoted to Japan's aggression against the USSR. It states: "The tribunal maintains that the aggressive war against the USSR was envisaged and planned by Japan during the period under review [from 1928 to 1945.—A. N.], and that the war was one of the basic components of Japanese national policy, and its purpose was to capture Soviet territory in the Far East." ²¹

The judgement cites facts showing that soon after it invaded Manchuria, Japan started planning a predatory war against the USSR in order "to advance at least as far as Lake Baikal".

The judgement states: "In 1942, the Japanese General Staff and the Kwantung Army headquarters developed new plans for an offensive war against the USSR, which remained valid for 1943. Under those plans, the war against the USSR was to begin with a surprise attack, after about 30 divisions had been concentrated in Manchuria. These plans, like some earlier plans, were never put into effect. The war prospects of the German-Italian-Japanese alliance began to weaken at that time. The three countries had to increasingly concentrate on their defence, so a major adventure like the attack on the USSR planned by Japan was becoming less and less feasible as the alliance moved towards its final defeat in 1945. The tribunal maintains that until at least 1943, Japan not only planned an aggressive war against the USSR, but continued active preparations for that war." ²²

The judgement points out that the so-called anti-Comintern pact concluded by Japan and Germany on November 25, 1936 and joined by Italy a year later, and the pact on the German-Italian-Japanese alliance concluded on September 27, 1940, were spearheaded above all against the USSR.

As for the neutrality pact signed by the Soviet Union and Japan in Moscow on April 13, 1941, the judgement states Japan was not sincere

²⁰ *Ibid.*, p. 39736.

²¹ *Judgement of the Tokyo International Military Tribunal*, p. 803.

²² *Ibid.*, p. 818.

in concluding that pact, and used it as a cover for providing aid to Germany and for preparing an attack against the USSR.

In this connection the judgement cites the following facts. On March 27, 1941, German Foreign Minister Ribbentrop told the Japanese Foreign Minister Matsuoka that "the German armies in the east could be used any minute. If Russia ever takes a stand that could be interpreted as a threat to Germany, he said, the Führer will wipe Russia out. It is felt certain in Germany that such a campaign against Russia will end in the complete victory of the German army and the final annihilation of the Russian army and the Russian State. The Führer is confident that in the event of attack on the Soviet Union, Russia would cease to exist as a great power in just a few months".

"In a conversation with Matsuoka on the same day, Hitler spoke in the same manner; in the presence of Oshima, Ott, and Ribbentrop, he said that Germany had concluded a few treaties with Russia, but what was a great deal more important was that Germany had 160 to 200 divisions poised against the USSR."²³

Soon after he returned to Japan after signing the neutrality pact in Moscow, Matsuoka said the following to Ott: "No Japanese Prime Minister or Foreign Minister can make Japan remain neutral in a conflict between Russia and Germany. In that case Japan would necessarily have to attack Russia on the side of Germany. No neutrality pact would make any difference."²⁴

That was how the German and the Japanese leaders unceremoniously violated international law, and their treaties and agreements with other countries.

The tribunal judgement states that Japan waged an aggressive war against China and unleashed the Pacific War by committing aggression against the United States, Britain, the Netherlands, France and other countries.

The judgement describes in detail the war crimes punishable under international conventions, including the Geneva Convention on Prisoners of War of 1929. It also cites numerous facts attesting to the mass extermination and torture of POWs and civilians. The judgement stated: "By the end of the Pacific War, the Japanese army and navy had slid into cannibalism. The troops ate parts of the bodies of the allied POWs they murdered. This practice took place with the knowledge and consent of the Japanese army command." The judgement cites the testimony of Japanese prisoner of war Yamakizawa, who said this: "On December 10, 1944 the 18th Army headquarters issued an order permitting the troops to eat the flesh of dead soldiers of the Allied forces, but not the corpses of their own personnel... Sometimes enemy flesh was eaten at celebrations at officers' apartments, involving ranking officers as high as General or Rear Admiral."²⁵

So cannibalism—the most disgusting crime against humanity—was legalised and widely practised in the Japanese army.

As was said above, at the start of the Tokyo trial there were 28 defendants in the dock.

Two of them—Matsuoka and Nagano—died during the trial, and case against them was dropped. Another defendant, Okawa, was found mentally insane and irresponsible, so proceedings against him were suspended.

Altogether, 25 defendants remained by the end of the trial.

The International Tribunal in Tokyo sentenced Tojo, Itagaki, Hirota,

²³ M. Yu. Raginsky, S. Ya. Rozenblit, *Op. cit.*, pp. 254-255; Oshima and Ott were Japan's and Germany's ambassadors in Berlin and Tokyo.

²⁴ *Ibid.*, p. 255.

²⁵ *Judgement of the Tokyo International Military Tribunal*, p. 1067.

Matsui, Doihara, Kimura and Muto to death by hanging; Hashimoto, Hata, Hiranuma, Hoshino, Kaiya, Kido, Koiso, Minami, Oka, Oshima, Sato, Shimada, Shiratori, Suzuki, Umezu and Araki to life imprisonment; Togo to 20 years in prison, and Shigmeitsu to seven years.

After the judgement was approved on November 22, 1948, General MacArthur, obviously abusing his authority, accepted appeals from Hirota, Doihara and five others to the Supreme Court of the United States, and therefore postponed the execution of all the sentenced.

In violation of all standards of international law, the US Supreme Court—a national court—said it would hear the convicts' complaints about the judgement of the International Tribunal. Only later, under pressure from world public opinion, did the US administration take a stand against the Supreme Court's interference with the judgement of the International Tribunal. The Supreme Court was forced to reject the applications, and the judgement against the seven convicts sentenced to death by hanging was carried out on the night of December 22, 1948 between 00:00 and 00:30 hours in the courtyard of the Sugamo prison in Tokyo.

In attendance were Soviet, American, British, and Chinese members of the Allied Council for Japan, as well as doctors and representatives of the prison administration.

Like the Nuremberg trial, the International Military Tribunal in Tokyo played an important historic role.

The trial condemned aggressive war as the gravest crime against humanity, and severely punished those guilty, the individuals who planned, prepared and unleashed wars to establish domination over other countries.

The Tokyo trial exposed the political, economic, ideological, and military machinery of Japan's preparations for aggressive wars, the nature and objectives of Japanese militarism, its sinister plans to enslave other nations, and its criminal misanthropic wars which brought huge losses of life and wealth to the Japanese people and other nations.

Alongside the Nuremberg trial, the Tokyo trial created a fundamental international legal basis for trying war criminals irrespective of their rank or position.

The sentences passed by the Nuremberg and the Tokyo tribunals are a stern warning to all militarists and war-mongers.

The many documents of the two trials call on all nations to be vigilant, to make active efforts for peace, and to expose and condemn those who are developing insane schemes for gaining world domination and are preparing for a thermonuclear world war which may reduce this planet to ashes.

The judgement of the Tokyo international tribunal is a special warning to the Japanese statesmen, politicians, industrialists, and military officers who are trying to revive militarism and the mass production of deadly weapons in Japan.

The judgement should be remembered by those who harbour thoughts of reconsidering the results of World War II.

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DPRK FOREIGN ECONOMIC TIES DESCRIBED

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[Article by V. V. Smirnov: "Development of DPRK Foreign Economic Ties"]

The DPRK's experience of building socialism does much to show the correctness of the thesis that domestic factors and self-reliance are of priority in solving a country's crucial problems. At the same time it shows the vital necessity for a country building socialism to strengthen its economic and political alliance with other socialist countries.

The extensive economic and military assistance provided by the USSR and other socialist countries enabled the DPRK to withstand and repulse US imperialist aggression in 1950-1953, and to achieve a great deal of success in socialist construction in a historically short period, and under adverse external conditions. In the postwar period (1954-1956), the DPRK received free economic assistance of 800 million rubles for rebuilding its economy, including 292.5 million from the USSR, 258.4 million from the PRC, 122.7 million from the GDR, and 81.5 million rubles from Poland.¹ In 1954-1960 the commodities received via free socialist countries aid and credits accounted for 77.6 per cent of the DPRK's total imports,² and for about 75 per cent of its capital investments.³

Development of economic and scientific-technical ties with the USSR and other socialist countries became the pivot of the foreign economic policy adopted by the Workers' Party of Korea for the republic's first five-year-plan period (1957-1961). The 3rd WPK Congress stressed the need "to expand further trade with the fraternal countries headed by the Soviet Union".⁴ Accordingly, the first five-year plan envisaged increased production for export, "an enhanced role of foreign trade organisations, a higher responsibility of foreign trade workers".⁵

Between 1954 and 1960, thanks to the free assistance from the socialist countries, the DPRK restored, built anew or overhauled about 50 industrial enterprises which formed the backbone of its economy. The USSR participated in the building or restoration of the Suphun hydro-electric plant, the Hynnam chemical complex, the Kim Chak metallurgical works, the Nampho non-ferrous metal works and other projects.⁶ Czechoslovakia assisted in the construction of the Kichon machine-tool works, a spare-parts factory, the Wusan tool plant, and three major hydro-electric plants with an aggregate capacity of 890,000 kw; the GDR took part in building a multiple printing plant and several projects for the production of building materials; Hungary helped construct the Kusong machine-tool works, a dye-stuff factory and a watch factory; Poland assisted in building two locomotives repair plants and three coal mines; Romania took part in the building of a cement and a brick factories; Bulgaria participated in building a ceramics factory and a barrel and parquet mill.

¹ *The Democratic People's Republic of Korea*, Moscow, 1975, p. 50.

² *Ibidem*.

³ *Development of the Country's Economy After Liberation*, Pyongyang, 1960, p. 123 (in Korean).

⁴ *The DPRK's First Five-Year Plan, 1957-1961*, Pyongyang, 1961, p. 68.

⁵ *Ibid.*, p. 72.

⁶ *Kommunist*, 1968, No. 13, p. 126.

The PRC was instrumental in building enterprises manufacturing consumer goods, including a glass-works in Nampho and a silk and weaving mill.⁷

The 4th WPK Congress, having adopted the first seven-year plan of economic development (1961-1967), stressed the importance to the country's industrialisation of the republic's participation in the international socialist division of labour, and at the same time confirmed the policy of expanding cooperation with the socialist countries. As the congress noted, "close economic and technical ties with the USSR and other socialist countries are of great importance in fulfilling the seven-year plan".⁸ The congress pointed out that the DPRK would also in the future, "in closer alliance with all fraternal countries, develop its economy, and strengthen economic, scientific and technical cooperation with the countries of the socialist community, and thus strive to consolidate an independent economic... foundation for the country".⁹

In the 1960s, the socialist countries, taking into account the new possibilities of the refurbished Korean economy, turned to a new form of economic cooperation with the DPRK: free assistance was replaced by credits. Of great importance to the country's industrialisation and the creation of the material and technological base of socialism was the 1966 Soviet-Korean agreement on a 160 million ruble credit to the DPRK, at 2 per cent interest, for the construction, with the USSR's assistance, of metallurgical, energy, oil and chemical industry enterprises. The credit was granted on favourable terms; its repayment was envisaged over a period of 10 years in equal annual parts, beginning in the year following the commissioning of a given enterprise.¹⁰ Under this agreement the USSR accepted postponement of all payments due to it in 1966-1970 on long-term credits of March 17, 1949, July 6, 1961, and May 31, 1965.¹¹

In the 1960s the DPRK continued to expand its economic relations not only with the Soviet Union, but also with other socialist countries. In those years the socialist countries accounted for about 90 per cent of the DPRK's foreign trade turnover, with the average annual growth rate in 1961-1970 of about 11 per cent.¹²

The directives of the six-year economic plan for 1971-1976, adopted by the 5th WPK Congress, stipulated accelerated scientific and technical progress, introduction of new production techniques, and the improvement of output. Although the directives had no special section on the development of foreign trade, the tasks posed by the Congress were being dealt with concretely through the expansion of economic and scientific and technical cooperation with the socialist and some capitalist countries.

Of great importance for Korean industry was development of cooperation with the USSR in building several important enterprises on compensation terms. Their construction strengthened the country's export capacity: 80 per cent of the electric batteries, 60 per cent of the electric motors, and 50 per cent of the calcium carbide produced by Korean com-

⁷ *Modern Korea*, Moscow, 1971, p. 217.

⁸ Kim Il Sung, *On the DPRK's Seven-Year Economic Plan for 1961-1967*. Report at the 4th WPK Congress, Moscow, p. 265.

⁹ *Ibidem*.

¹⁰ *The Soviet Union's Relations with People's Korea*, Moscow, 1980, pp. 241-243.

¹¹ *Ibidem*.

¹² Here and further on, the rates of development of the DPRK's trade, its export and import volumes are calculated on the basis of the following: *Chuosung chunang yengam*, Pyongyang, 1965, pp. 117-119; *USSR Foreign Trade Yearbook of Statistics*, Moscow, 1961, 1971, 1976, 1981, 1983; *Zhongguo tongji nianjian 1981*, Peking, 1982; *Haiguan tongji*, Peking, 1982, No. 4, pp. 18-20; *Japan Trading Statistics* Tokyo, 1961, 1971, 1976, 1981, 1983; Customs statistics of the FRG, Austria, Sweden, Switzerland, Great Britain, the Netherlands, Italy, Finland for 1970, 1975, 1980, 1982; *Customs Statistics of Saudi Arabia*, Riyadh, 1982; Statistical yearbooks of foreign trade of Bulgaria, Hungary, the GDR, Poland, Romania, Czechoslovakia, Yugoslavia for 1960, 1970, 1975, 1980, 1982.

pensation enterprises were slated for export to the USSR in payment for the credits used to build those industrial enterprises.¹³

The next milestone in Soviet-Korean cooperation was the 1976 Soviet-Korean economic agreement. It provided the DPRK with a credit of 400 million rubles at 2 per cent interest with repayment in instalments over ten years, beginning in 1981, to cover payments due in 1976-1980 for the principal debt and interest on previous credits. A credit of 45 million rubles was granted to pay for the design, equipment, materials and services of Soviet experts in expanding the oxygen converter and hot rolling sections at the Kim Chak metallurgical works; up to 40 million rubles was granted to pay for the equipment, materials and services of Soviet experts in building the Chon Deen hydro-electric plant; and 20 million ruble credits to purchase equipment for mills to produce ball-bearings, ammonia and aluminium. All these credits were also granted on favourable terms: at 2 per cent interest with repayment in instalments over ten years.¹⁴

Cooperation with the Soviet Union is of tremendous importance for Korea's economy. Enterprises that the Soviet Union helped build are responsible for 63 per cent of the DPRK's electric energy, 50 per cent of its coal, 33 per cent of its steel, 42 per cent of its iron ore, 44 per cent of its organic fertilizers, 50 per cent of its petroleum products, and 20 per cent of its fabrics.¹⁵

At present, Soviet organisations are providing technical assistance in the work under way to expand the capacities of the DPRK's metallurgical, fuel, mining and machine-building industries.

In the late 1970s and early 1980s, the DPRK economy entered a new phase of development, involving work on the tasks stipulated by the second seven-year plan (1978-1984) and the achievement of ten principal objectives of economic construction envisaged by the 6th WPK Congress (1980). The second seven-year plan and the 6th Party Congress direct the country's economy, on the one hand, towards large-scale capital construction, and, on the other, towards more efficient social production with the aim of saving funds, raw materials and energy. In this connection, external economic relations are of great importance. "The rapid development of foreign trade," it was stated at the congress, "remains an important condition for the progress of our economy."¹⁶

The congress set the task of accelerating the growth rate of Korean exports: during the 1980s overall export volume is to increase by 320 per cent,¹⁷ compared with a 120 per cent increase in the 1970s.¹⁸ Trade with the socialist countries is still very significant. As was stated at the congress, "we must continue to develop trade with the socialist countries on principles of equality, mutual benefit and complementary exchange".¹⁹ The congress at the same time noted the necessity of broadening economic ties with the developing and capitalist countries.²⁰

The foreign trade objectives adopted by the 6th WPK Congress require the mobilisation of additional export resources and the greater involvement of the Korean economy in the international division of labour. Expanded exports would pay for the imports of machinery, equipment, raw materials, whose demand is growing as a result of extensive capital construction.

To boost exports, the DPRK is stepping up the development of traditional export industries and at the same time is opening up new export

¹³ *The Soviet Union's Relations with People's Korea*, p. 282.

¹⁴ *Ibid.*, pp. 343-347.

¹⁵ *Far Eastern Affairs*, 1983, No. 4.

¹⁶ *Nodon sinmun*, Oct. 13, 1980.

¹⁷ *Ibidem*.

¹⁸ *Foreign Trade of the DPRK*, 1979, No. 5, p. 3; *Nodon sinmun*, Jan. 1, 1980.

¹⁹ *Nodon sinmun*, Oct. 13, 1980.

²⁰ *Ibidem*.

resources, such as increasing output at enterprises working on compensation terms. Simultaneously efforts are being made to heighten the export capacity of other industries, such as the chemical, machine-building, light and food industries. As can be seen in Table I, there is much room for increasing the export capacity of these industries. Currently, a relatively major participation in foreign trade is characteristic of such industries as mining, metallurgy, and building materials (see Table I).

Table 1
Output and export of industrial production
in the DPRK in 1980

Industry	Percentage in industrial output (a)	Percentage in export (b)	b:a
Industry as a whole	100.0	100.0	1.0
Mining and metallurgy	20.0	42.6	2.1
Machine-building	33.7	5.5	0.2
Chemical	5.4	1.6	0.2
Building materials	7.0	21.0	3.0
Textile	18.0	7.5	0.4
Food	9.0	14.7	1.6

Sources: *Industry in the DPRK*, Moscow, 1976, p. 62; *Chuosun chunang yengam* 1965, p. 124; *Nodon sinmun*, Jan. 1, 1980, Jan. 1, 1981, Jan. 1, 1982; *Japan Trading Statistics*, Tokyo, 1971, 1976, 1981, 1982; Customs statistics of the FRG, Austria, Sweden, Switzerland, Great Britain, the Netherlands, Italy, Finland for 1970, 1975, 1980, 1982; *Customs Statistics of Saudi Arabia*, Riyadh, 1982; Foreign trade statistical yearbooks of Bulgaria, Hungary, the GDR, Poland, Romania, Czechoslovakia, Yugoslavia for 1970, 1975, 1980, 1982.

of cement, magnesium clinker, and textile products. The realisation of these plans will improve the export structure, and strengthen the DPRK's international role as a supplier of ferrous and non-ferrous metals, mineral raw materials, building materials, i. e., those commodities which today predominate in Korea's exports. In 1980 the DPRK's exports structure was as follows (in %):

Total	100.0
Machinery, equipment, transport facilities	5.5
Fuel, mineral raw materials, metals	42.6
Raw materials: non-food raw materials and products of their processing used in food production, plus foods	22.1
Industrial consumer goods	7.5
Chemical products, fertilizers, rubber, building materials, etc.	22.3

Sources: same as Table I.

In the 1980s the DPRK is planning additional measures to expand its export basis by creating new branches in non-ferrous and ferrous metallurgy, and the cement industry. By the end of the decade the production of zinc, lead, copper and other non-ferrous metals will reach 1.5 million tons.²¹ With this aim in view a major metallurgical complex is being built in the Tangchon area, including the Mudok and Komdok ore mines, the Tangchon non-ferrous works, a new port in Tangchon, and the town of New Tangchon. Once the project is completed, it will account for up to half the non-ferrous metals production planned for the current decade. Two-thirds of this is envisaged for export.²²

The export base is also to be expanded by bringing steel production to 12 million tons by the end of the 1980s; half the volume is to be provided by the Kim Chak steel works, which is being enlarged with Soviet assistance.²³

Steps are taken to boost exports

The import demands of the DPRK's economy are determined primarily by two factors: absence in the country of several important raw materials (oil, coke, coking coal) and the demands for high technology and equipment rising parallel to the implementation of the plans for extensive capital construction and industrial modernisation. These demands are

²¹ *Nodon sinmun*, Oct. 13, 1980.

²² *Asia Wall Street Journal*, May 25, 1979.

²³ *Nodon sinmun*, Nov. 12, 1982.

reflected in the import structure, almost two-thirds of which consists of machinery and raw materials, as these figures show (in per cent):

The import structure as a whole is similar to that of the European CMEA member-countries, two-thirds of whose imports also consist of fuel, raw materials, machinery and equipment.²⁴ This is proof of the DPRK's intensive economic development, in which foreign trade is utilised as a decisive factor for progress.

The dynamics of the DPRK's foreign trade turnover has been affected in the past decade by a change in the correlation of factors that assist the growth of its foreign trade. The equipment obtained on credit and which initially played an important role in the total volume of foreign trade, accounted for the higher growth rates of imports than those of exports in the first half of the 1970s. In the late 1970s and early 1980s the growth rate of exports was higher (see Table 2).

In the second half of the 1970s the growth of foreign trade was greatly influenced by a change, in trade with socialist countries, to a new price basis. Since 1976, when signing long-term agreements on trade and payments, the USSR, Bulgaria, Hungary, Cuba, Poland, Romania and Czechoslovakia have abided by the principles of price formation adopted by the Council for Mutual Economic Assistance.²⁵ Since 1978 these conditions have been applied to the DPRK's trade with the GDR. Since 1979, the DPRK's trade with China has been conducted on terms of current world market prices. This is also the case of Korea's trade relations with Yugoslavia. The change to a new price basis makes it possible to take into account world market price dynamics more precisely and more consistently apply the principles of mutual benefit in the DPRK's economic relations with the socialist countries.

The DPRK's trade with the socialist countries is stable, accounting for about 60 per cent of its foreign trade turnover at the beginning of the 1980s. Its main trade partners remain the USSR and the PRC, whose shares in the republic's trade are 30 and 20 per cent respectively. Since the second half of the 1970s the rate of growth of the DPRK exports to the socialist countries has been on the increase while that of imports has slowed down. According to our calculation, the average annual growth rate of the DPRK's exports to the socialist countries in 1971-1975 was 6.1 per cent; 11 per cent in 1975-1980; and 10.5 per cent in 1981-1982; whereas the corresponding import rates were 5.2, 7.9 and minus 5 per cent.

Total	100
Machinery, equipment, transport vehicles	30
Fuel, mineral raw materials, metals	34
Raw materials: non-food raw materials and products of their processing used in food production, plus foods	20
Industrial consumer goods	7
Chemical products, fertilizers, rubber, building materials, etc.	9

Sources: same as Table 1.

Table 2

Dynamics of the DPRK trade turnover
(average annual rates of growth), %

	1971-1975	1976-1980	1981-1982
Foreign trade turnover	12.6	9.8	10.0
Exports	9.2	14.6	10.0
Imports	15.4	5.9	10.0

Sources: same as Table 1.

²⁴ *Statistical Yearbook of the CMEA Member-Countries*, Moscow, 1981.

²⁵ *Nodon sinmun*, March 14, June 15, and Aug. 20, 1977.

Soviet-Korean trade turnover in 1982 amounted to 681 million rubles against 572.1 million rubles in 1980 and 329.3 million rubles in 1970.

In 1982 Korean exports to the USSR reached 362.5 million rubles, while imports were valued at 318.5 million rubles, compared with 284.2 million rubles in exports and 287.9 million rubles in imports in 1980, and 122.3 million rubles in exports and 207 million rubles in imports in 1970.²⁶ The main Korean export items to the USSR are magnesite clinker (about 20 per cent of the export volume), rolled metals (about 20 per cent), textile goods, rice and metal-cutting lathes. The DPRK imports from the Soviet Union oil and petroleum products (about 30 per cent), machinery and equipment (over 20 per cent), plus wheat, cotton, solid fuel and some other products.²⁷

The DPRK's trade with China reached 1,100 million yuan in 1982, with Korean exports running at 600 million yuan and imports at 500 million yuan.²⁸ The DPRK is one of China's 15 main trade partners, and supplies it with anthracite, iron ore, ferrous and non-ferrous metals, fish and other goods. It imports from the PRC kitchen salt, coking coal and oil, which covers 50 per cent of the country's demand in this raw material. The two countries are beginning to cooperate in the use of the Korean port of Chon Deen as a transit point in Sino-Japanese trade.

The DPRK's trade with the European socialist countries, due to their geographic remoteness and several other objective factors, is not very great. Annual trade turnover with Romania and Poland reaches 50 million rubles, with the GDR and Czechoslovakia 30-40 million rubles, and with Bulgaria 20 million rubles. The CMEA member-countries on the whole (excepting the USSR) account for about 10 per cent of the DPRK overall foreign trade turnover. The structure of trade with each of these countries is similar: the DPRK exports ferrous and non-ferrous metals, steels, magnesite clinker, rice, tobacco and agricultural raw materials. From the socialist countries the DPRK imports machines and equipment, coke, coking coal, some other raw materials, fertilizers and certain consumer goods. In some areas the socialist countries' imports from the DPRK are quite substantial. For example, the DPRK provides 20 per cent of Bulgaria's tobacco imports, and is the main supplier of magnesite clinker to Poland, the GDR and Czechoslovakia.²⁹

The DPRK's trade and economic relations with developed capitalist countries received an impulse only in the last decade. Before that they were sporadic, due primarily to the openly discriminatory policy conducted by the ruling circles of these countries towards the DPRK, and also because of the relatively insignificant export capacity of the Korean economy during the postwar restoration period.

Despite the discriminatory measures and the absence of normal interstate relations with many capitalist countries, the DPRK has established trade contacts with several West European and Japanese companies. In 1960 its overall trade with developed capitalist countries amounted to about 5 million rubles, with exports and imports accounting for 2 and 3 million rubles respectively. By 1970 it had risen to 100 million rubles, with exports and imports worth 60 and 40 million rubles respectively. Further, up to the mid-1970s, trade with capitalist countries developed mainly through deliveries to the DPRK of equipment on medium-term credits. By 1975 it had reached 440 million rubles, including 130 million rubles in exports and 310 million rubles in imports. In 1980 the DPRK's trade turnover with this group of countries was 620 million rubles, ex-

²⁶ *USSR Foreign Trade. Yearbook of Statistics* for 1971, 1981, 1982.

²⁷ *Ibid.*, Moscow, 1982.

²⁸ *Haiguan tongji*, 1982, No. 4.

²⁹ *Statistical Yearbook of the CMEA Member-Countries*, Moscow, 1980, p. 141.

ports and imports being approximately equal. The trade deficit with the West in the first half of the 1970s led to a debt of \$1,200 million.

Capitalist countries initially granted credits to the DPRK for three to five years at 5-6 per cent interest. In the late 1970s the interest rate was raised to a level 1.25 points higher than the level of interest on the London Capital Stock Exchange.³⁰ Tough credit conditions (short terms, high interest rate) resulted in a situation that compelled DPRK to pay back its debts in reduced instalments. The capitalist countries used this as the pretext for a discriminatory decision to cease crediting all trade transactions with the DPRK. As a result, the DPRK's trade with western companies is now conducted for cash.³¹ This hinders the development of Korea's foreign trade, and creates obstacles to the diversification of its exports and to purchases of equipment necessary for economic development.

The DPRK's main trade partner among capitalist countries is neighbouring Japan. Its share in the DPRK's foreign trade rose from 7.6 per cent in 1970 to 18.2 per cent in 1980. Their trade volume rose from \$57.7 million in 1970 (including \$34.4 million in Korean exports and \$23.35 million in imports) to \$554.35 million in 1980 (\$180.05 million in exports and \$374.3 million in imports).³² In 1982 Korean-Japanese trade declined somewhat to \$465.2 million (Korean exports of \$152 million and imports of \$313.2 million).

Table 3

Structure of the DPRK exports to Japan, per cent of total

Commodities	1977	1978	1979	1980	1981	1982
Agricultural production	1.5	1.0	1.0	1.0	2.1	3.7
Sea products	7.9	16.6	24.9	14.5	19.4	23.0
Clothes	4.0	10.7	8.6	5.4	7.7	8.3
Chemical products	1.4	1.1	0.3	0.2	0.7	1.0
Textile industry raw materials	10.7	15.3	6.0	6.9	3.6	8.3
Mineral raw materials	19.8	12.2	18.7	19.4	21.1	18.9
Anthracite	2.7	1.3	2.1	3.4	5.8	1.5
Metals	50.0	40.4	36.1	47.3	37.4	31.8
Other	2.0	1.4	2.3	1.8	2.2	3.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Japan Trading Statistics, 1977-1982.

The main commodities exported by the DPRK to Japan are ferrous and non-ferrous metals, mineral raw materials and sea products. In recent years the proportion of sea products in the structure of Korean exports to Japan has been increasing. Thus, in 1982 these products accounted for 23 per cent of exports compared to 7.9 per cent in 1977, while the share of metals dropped from 50 to 31.8 per cent. The share of mineral raw materials in recent years has remained on a level of 18-20 per cent, and that of raw materials for the textile industry and clothes at 8-10 per cent (see Table 3).

³⁰ *Far Eastern Economic Review*, Dec. 3, 1982, p. 17.

³¹ *Far Eastern Economic Review*, Feb. 24, 1983, p. 5.

³² *Japan Trading Statistics*, 1982.

From Japan, Korea primarily imports transport facilities, various kinds of industrial equipment, electrical consumer goods, and chemical industry products. The structure of these imports has remained stable in recent years, with certain changes in the share of a certain commodity attributable to market causes (see Table 4).

Table 4

Structure of DPRK imports from Japan, per cent of total

Commodities	1977	1978	1979	1980	1981	1982
Mineral raw materials	4.4	2.0	3.6	4.6	4.5	4.5
Chemical products	12.2	15.6	10.5	10.6	11.8	11.8
Rubber	2.3	3.1	2.5	2.9	2.2	2.1
Paper	4.2	4.2	6.5	5.3	3.8	4.0
Textile products	16.1	11.5	11.0	7.6	5.9	10.5
Metals	15.0	15.9	13.9	14.7	19.0	15.4
Transport facilities	6.2	7.3	16.9	12.5	10.9	12.6
Machinery and equipment	29.1	26.5	22.3	30.7	31.5	26.2
Other goods	10.5	13.9	12.7	11.0	10.4	12.9
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: same as Table 3.

Since there are no diplomatic relations between the DPRK and Japan, both sides are looking for ways of developing bilateral ties. This objective is served by the Japan-Korea Trade Association, embracing 70 Japanese industrial, trade and shipping firms. On the Korean side there is the DPRK Committee to Promote Foreign Trade, which maintains contacts with the Association. The Association of Korean Citizens in Japan (Ch'ongren) plays a significant role in the development of Japanese-Korean trade. Joint-stock and trading companies affiliated to Ch'ongren account for over 50 per cent of the trade between the DPRK and Japan.³³ Ch'ongren's major joint-stock companies are Thonhye (engaged in direct and middleman operations in exports and imports of metals, metal products, machinery and equipment, spare parts, chemical products); Kwan-san (buys and sells raw materials and minerals); and Thyiksanmul (sells specific Korean goods: ginseng products, ceramics, articles made of rice straw, etc.). Joint-stock companies aim at selling as many DPRK products in Japan as possible, and buying Japanese commodities.

In recent years major Japanese corporations have been displaying interest in trade with the DPRK, above all in purchasing non-ferrous metals. In July 1980 a committee was established in Japan to study questions of trade with the countries of Southeast Asia. One of the committee's objectives is to study the possibility of participation by Japanese companies in working mineral deposits and importing them from the DPRK. The committee was sponsored by 20 major Japanese companies, including Nippon Steel Corporation and Industrial Bank.³⁴

After Japan, the DPRK's most important capitalist partner is the FRG. Their annual volume of trade exceeds 150 million dollars. The DPRK exports to the FRG mainly gold, silver, non-ferrous metals, and buys machinery and equipment. It has a positive trade balance with the

³³ *Asia Wall Street Journal*, Feb. 24, 1981.

³⁴ *Mainichi Daily News*, Aug. 18, 1980.

FRG, which partly covers its trade deficit with Japan. The FRG's share of Korean exports in the early 1980s topped 10 per cent, while imports equaled about 2 per cent. The DPRK also maintains trade links with companies in Austria, Sweden, France, Switzerland, Italy and Finland, but the volume of trade with these countries is insignificant.

To try and streamline its foreign trade organisations and make them more responsive to the world market, the DPRK government at the turn of the decade set up foreign trade firms responsible to both the Ministry of Foreign Trade and a corresponding industrial ministry or committee. According to Korean economists, firms of this kind working closely with producers of commodities, are better suited to meet the demands of actual and potential trade partners.³⁵

Another novelty is the creation in the late 1970s of large associations uniting industrial, foreign trade and finance organisations. The first two associations were established on the basis of the foreign trade firms Taesong and Ponghwa. The associations have industrial enterprises, producing consumer goods mainly for export; foreign trade organisations selling a wide assortment of commodities manufactured at the associations' enterprises in accordance with the buyers' specifications; as well as separate banks, namely the Taesong Bank and Kymgan Bank. The banks' task is to settle accounts with the Taesong and Ponghwa associations' foreign partners. Working in contact with the Bank of Foreign Trade, these banks settle accounts in convertible currencies, and maintain relations mainly with trade partners from capitalist and developing countries. The Taesong Bank, set up in 1978, has since expanded its operations, having opened offices in Hong Kong, Macao and Vienna.³⁶

The policy of the accelerated development of foreign trade was confirmed in January 1984 by the 3rd Session of the Supreme People's Assembly of the DPRK of the seventh convocation. The session posed the task of "mobilising the country's great economic potential and accelerating the development of foreign trade and external economic ties in the interests of economic construction in our country, and of strengthening friendship and cooperation with other countries".³⁷

The session noted certain results of the growth of the country's foreign trade: in 1973-1983 its volume increased by 120 per cent; the DPRK has provided substantial assistance to developing countries in recent years, having sent 5,000 engineers and technicians to 50 countries and built 30 factories in 22 countries. The session noted the great contribution of the socialist countries to the strengthening of the DPRK's economy, and the role of capitalist countries in the development of the DPRK's cement, chemical, pulp and paper industries.³⁸

The session attached a great deal of importance to cooperation with the socialist countries. The objective posed was to export to the socialist countries not only raw material commodities (metals, ores), but also manufactures: ships, railway coaches, generators, lathes, washing machines, etc. It is planned to attain a ten-fold increase in trade with the socialist countries within 5-6 years, boosting purchases of oil, coking coal, cotton, alloy elements, steel sheet, high technology and vehicles.

The session demonstrated the DPRK's desire to continue mutually advantageous cooperation with different countries, and to play a greater part in the international division of labour.

³⁵ *Foreign Trade of the DPRK*, 1980, No. 8, p. 10.

³⁶ *Ibid.*, pp. 10-12.

³⁷ *Nodon sinmun*, Jan. 26, 1984.

³⁸ *Ibid.*, Jan., 27, 1984.

DEVELOPMENT OF COOPERATION AMONG COUNTRIES OF INDOCHINA

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[Article by M. P. Isayev and I. A. Ognetov]

The three countries of Indochina—Vietnam, Laos and Kampuchea—have long been linked by geographic, historical, socio-economic, cultural and other factors. They have several times been subjected to foreign invasions, and have often struggled jointly against aggression. When committing aggression against the peoples of Indochina, the colonialists and imperialists either invaded the three countries simultaneously or, once entrenched in one of them, used it as a springboard for aggression against the other two. For foreign invaders, Indochina has always been a single theatre of military operations. Under such conditions, life itself compelled the people of the three countries to join together to give a fitting rebuff to the enemy. The revolutionary alliance between the patriotic forces of the three countries of Indochina has become a permanent feature of their struggle for freedom and independence of each of them.

The victories of the peoples of Vietnam, Laos and Kampuchea and their winning of genuine independence resulted in a qualitatively new situation in the Indochina Peninsula: for the first time in history, the three fraternal peoples, standing shoulder to shoulder and relying on assistance from the USSR and other countries of the socialist community, embarked on the road of building the foundations of socialism in their respective countries, and are jointly countering the encroachments by the forces of imperialism and hegemonism on their freedom and independence. The solidarity and interaction between Vietnam, Laos and Kampuchea at this new stage are an important factor in their march along the road of socialist construction, and have favourably influenced the international situation in Southeast Asia and Asia as a whole.

The history of the anti-imperialist and national liberation movement of the peoples of Indochina, as well as their steps to create the foundations of a new society, is the history of joint struggle, in which the unity and cohesion of the Communists and the peoples of Vietnam, Laos and Kampuchea grew and extended in order to attain common goals. Kaysone Phomvihane, General Secretary of the People's Revolutionary Party of Laos (PRPL), and Chairman of the Council of Ministers of the Lao People's Democratic Republic (LPDR), pointed out: "The peoples of Indochina suffered the same plight; we are linked by common revolutionary ideals and by joint struggle against a common enemy. The close combat cooperation of the three countries was a key factor of the triumph of the revolution in each of them, and is the guarantee of our future victories."¹

Of paramount significance for the destiny of the national liberation movement in Indochina was the fact that the revolutionary struggle of the peoples of the three countries was led by Communists who all be-

¹ Quoted from *News of Vietnam*, 1976, No. 8, p. 11.

longed (from 1930 to 1951) to one party—the Communist Party of Indochina (CPI). The multifaceted activities of the CPI led to the consolidation of the revolutionary patriotic forces of the three countries. Their joint actions in the anti-imperialist and anti-colonial struggle assumed new forms and manifestations. It was after the establishment of the CPI in 1930 that the struggle of the working people of Vietnam, Laos and Kampuchea became truly organised and directed.

The Communist International had a key role to play in the formation and activities of the CPI. Taking into account the growth of the revolutionary movement in Vietnam at the end of the 1920s, and the fact that there was no organised force capable of leading and guiding that movement, the Executive Committee of the Comintern sent a message to the communist organisations of Vietnam in October 1929. It pointed out that the lack of a single communist party during the upsurge of the mass movement in the country endangered the Vietnamese revolution, was a threat to its ultimate goals, and prevented Communists from winning leadership of that movement.

The establishment of the Communist Party of Vietnam stimulated the development of the revolutionary movement in Laos and Kampuchea, where the first organisations of Communists emerged in the spring of 1930. This process became even more active once the Executive Committee of the Comintern, which had studied the documents of the unification conference organised to form the Communist Party of Vietnam and had taken into account the development of the movement in the other countries of Indochina, recommended that the party be called the Communist Party of Indochina so that it could become the leader of the anti-colonial struggle in all of Indochina. The Comintern recommendations provided foundation for the decisions taken by the First Plenary Meeting of the Party Central Committee held in October 1930.

The leaflet issued by the CPI explaining the reasons for the change of name of the party, read: "The class of proletarians and all oppressed masses of working people in all the three countries want to overthrow the yoke of imperialism, win independence, and drive out the kings, high officials, and big landowners to secure liberation. However, it cannot be done if the struggle is waged separately."² The letter of the CC CPI to the party organisations (December 9, 1930) emphasised the need for uniting the progressive representatives of the working class and peasantry of the three countries into a single party of a new type: "From the political viewpoint, our three countries are oppressed by one imperialism—French imperialism—which is doing all it can to subordinate all of Indochina. For this reason if the revolutionary movement develops in one of the countries alone and not in the two others, it will be impossible to overthrow the power of French imperialism."³

Taking into consideration the unequal level of development of the national liberation movement in the three countries, the Comintern recommended that the Vietnamese Communists help organise CPI cells in Laos and Kampuchea. In the difficult conditions of clandestine work, the Vietnamese Communists discharged their revolutionary duty in relation to their party comrades. Speaking of that period later, Kaysone Phomvihane noted: "It is with profound respect and gratitude that we remember President Ho Chi Minh, the acknowledged leader for the Indochinese revolution, who was the first to bring the light of Marxism-Leninism to the peoples of Vietnam, Laos and Kampuchea."⁴ The Executive Committee of the Comintern considered the formation of the Communist Party of Indochina to be a historic event which played an im-

² *Tap ti kong san*, 1983, No. 11, p. 53.

³ *Ibidem*.

⁴ *News of Vietnam*, 1983, No. 4, p. 2.

portant part in the development of the liberation struggle in Indochina.⁵

The consolidation of the alliance between the peoples of the three countries of Indochina was closely linked with the CPI's guidance of the struggle of the working masses of Vietnam, Laos and Kampuchea for national independence, freedom and social progress. Patriotic fronts established in all the three countries under Communist leadership became the core of this cohesion. In the specific conditions of Indochina, the CPI creatively utilised Lenin's slogan of support for revolutionary democratic forces in colonies, provided the organisational and ideological independence of the Communist elements are preserved; it also heeded the ideas of Lenin and the Comintern on the creation of a single anti-imperialist front.

Of great significance to the CPI were the decisions of the 7th World Congress of the Comintern. In pursuance of its provisions the CPI leadership embarked on the establishment of a single democratic front in Indochina that would include all classes, parties, nationalities, organisations, and political groups which favoured democratic and progressive change. The possibilities that emerged as a result of the coming to power of the Popular Front Government in France and some alleviation of the colonial regime in Indochina in this connection were taken advantage of. Dozens of newspapers which spread the policy of the CPI and the ideas of Marxism-Leninism appeared during the struggle for the creation of a single democratic front of Indochina (1936-1939).

A peculiar feature of Indochina was that one communist party operated in three countries. This meant that its leadership had to take an attentive and well-thought approach to many practical issues, particularly the internationalist education of the peoples, and explaining the need for greater cohesion between the peoples of the three countries for the sake of attaining common goals, primarily liberating from colonial domination.

The policy towards a close unity among the peoples of the three countries developed further during World War II when Indochina found itself under a double yoke, that of the French colonialists and the Japanese invaders. The 6th Plenary Meeting of the CPI Central Committee (November 1939) pointed out: "No nation of Indochina can free itself separately because Indochina is under the single political, economic and military yoke of the imperialists. The unification of the peoples of the three countries of Indochina does not lead to the establishment of a single state, inasmuch as the Vietnamese, the Lao and the Kampuchean peoples have been independent since time immemorial. Each people has the right to decide its destiny as it wishes."⁶ The position of the CPI on the combination of the national and international tasks faced by the three peoples in the anti-imperialist revolution was further developed in the decisions of the 8th Plenary Meeting of the CPI Central Committee (May 1941): "At present, the Central Committee of the Party limits the national question to the framework of each individual country: Vietnam, Laos and Kampuchea. Furthermore, it is taken into account that, in accomplishing the national liberation revolution, the peoples of the three countries rely on each other, they are closely linked, and help each other to win victory."⁷ The Plenary Meeting passed a decision that the Vietnamese Communists provide aid to their Lao and Kampuchean comrades in establishing Independence Leagues in Laos and Kampuchea, given the experience of Vietnam, where the Independence League of Vietnam (Vietminh) was formed in May 1941.

⁵ See *The Communist International on the Eve of the 7th World Congress*, Moscow, 1935, p. 484.

⁶ *Tap ti kong san*, 1983, No. 11, p. 54.

⁷ *Ibid.*, p. 55.

The triumph of the August 1945 revolution in Vietnam and the proclamation of the Democratic Republic of Vietnam—the first workers' and peasants' state in Southeast Asia—gave a powerful impetus to the upsurge of liberation struggle in Laos and Kampuchea. Addressing the Second CPI Congress (1951), Ho Chi Minh noted that after the victory of the August revolution the peoples of Laos and Kampuchea "resolutely rose up in struggle against imperialism".⁸

The years 1945 and 1946 were difficult ones for the peoples of Indochina because France unleashed a new colonial war to try and recapture Vietnam, Laos and Kampuchea. In response to the counter-revolutionary violence of imperialism, the Communist Party of Indochina put forward the slogan of unity among the peoples of the three countries to defeat colonial aggression and win genuine independence. The directive of the CC CPI (November 1945) pointed to the importance of establishing a united front of the peoples of the three countries to repulse the French aggression. The years of resistance by the peoples of Vietnam, Laos and Kampuchea (1946-1954) saw the alliance between the revolutionary forces of the three countries grow stronger. For example, after the signing of the "Temporary Franco-Kampuchean Agreement" imposed by the colonialists on January 7, 1946, and the proclamation of Kampuchea's "internal autonomy", many Khmer patriots illegally crossed over into Vietnam, and there established the Committee for Independence of Kampuchea which carried out the necessary work to organise the partisan movement. The Committee's activities led to the establishment of a centre of resistance in Southeast Kampuchea as early as 1947. A joint Khmer-Vietnamese detachment liberated several villages in Preieng province. In 1948 a new base of resistance was established in Northeast Kampuchea. Several liberated zones were established by the Khmer partisans with the support of detachments of Vietnamese volunteers.

At the Conference of the patriotic forces in April 1950 the National Front of Kampuchea was formed, with a Central Committee led by the prominent Khmer revolutionary Son Ngok Minh. By the end of 1950 the Front numbered over 200,000 members.

At that period the national liberation movement in Laos was gathering momentum. In 1947 a network of partisan bases was created, and the armed struggle against the colonialists mounted. In 1950 a United National Front and the government of Resistance were formed in Laos.

Thus, by the end of 1950, mass patriotic organisations headed by the Communist Party of Indochina, which operated secretly, had been established in all three countries of Indochina. This made it possible to practically approach the question of setting up a united front of the peoples of Indochina. The Second CPI Congress (February 1951), adopted the decision to establish the Vietnam Workers' Party (the Communist Party of Vietnam since 1976). As for Kampuchea and Laos, it was decided to form revolutionary parties with due account of the peculiar features of each country. Addressing the Congress, Ho Chi Minh pointed out that the Vietnamese Communists "should assist their brothers in Laos and Kampuchea to wage a war of resistance and prepare the establishment of the front of the peoples of Vietnam, Laos and Kampuchea".⁹ This front was declared on March 11, 1951, at a conference of the three countries. This historic event was a milestone on the road to even greater cohesion of the peoples of the three countries in their joint struggle against the common enemy for a single goal—national independence.

Of special significance in the efforts by the revolutionary forces of the three countries to coordinate their actions were the measures in the

⁸ Ho Chi Minh, *Works (1920-1969)*, Hanoi, 1970, p. 114 (in Vietnamese).

⁹ *Ibid.*, p. 131.

military sphere. In December 1953, the Liberation Army of Laos, in close cooperation with units of the Vietnamese volunteers, liberated vast territories in Central Laos. In January 1954 they liberated a zone in Lower Laos. As a result this area in fact fused with the liberated regions of Central Vietnam. Coordinating operations with the Vietnamese volunteers, units of the Army of the Liberation of Kampuchea set free considerable areas in northeast Kampuchea which bordered on the liberated regions in Lower Laos.

The combat solidarity of the patriotic forces of the three peoples was particularly effective at the concluding stage of the war of resistance in 1954, when following the strikes of the Vietnamese People's Army, the French garrison of Dienbienphu, which had been surrounded by the patriots, surrendered. By that time the patriotic forces had liberated about two-thirds of Laos, where over half of the country's population lived. The successes of the revolutionary forces of Kampuchea were equally impressive—more than half of its population lived in the zone controlled by the Khmer Issarak. All that determined the ultimate failure of the military venture of the French colonialists in Indochina, and forced them to agree to a political settlement meeting the interests of the peoples of the three countries. The Geneva Conference held in the summer of 1954 reaffirmed legally the right of the peoples of Vietnam, Laos and Kampuchea to independence, unity, sovereignty and territorial integrity.

After the Geneva settlement, the revolutionary process in Indochina developed in accordance with the specific situation in each country. The North of Vietnam embarked on the road of socialist transformation. At the same time a powerful national liberation movement emerged in the South, aimed against the pro-American puppet regime in Saigon. The North of Vietnam became a centre of support for the liberation struggle in the South, and also provided necessary assistance to the revolutionary forces of Laos and Kampuchea. The People's Party of Laos formed in 1955 (since 1972 the People's Revolutionary Party of Laos) and the People's Revolutionary Party of Kampuchea (formed in 1951) maintained comradely contacts with the Vietnamese Communists.

The great exacerbation of the situation in Indochina at the beginning of the 1960s as a result of the actions of US imperialism which resorted to direct armed intervention against the peoples of the three countries, demanded even greater cohesion and closer coordination between the Indochinese people. These items were on the agenda of the 1965 Conference of the Peoples of Indochina, held in Phnompenh which was attended by representatives of all the leading mass patriotic organizations of Indochina, including the Fatherland Front of Vietnam, the National Liberation Front of South Vietnam, the Patriotic Front of Laos, etc.

Subsequent developments in Indochina demonstrated that the cohesion of the Vietnamese, Lao and Kampuchean peoples and the coordinated efforts by the revolutionary patriotic forces of the three countries in their joint anti-imperialist struggle yielded results, forcing the aggressor to retreat and maneuver. Of paramount importance was the failure of the attempts of the USA and local reactionary regimes to undermine the unity of the countries of Indochina. This was confirmed by the results of the summit conference of the peoples of Indochina (April 1970), which called for the consolidation of the combat unity and strategic alliance of Vietnam, Laos and Kampuchea in the struggle against the common enemy, i. e., the U.S. aggressors and those who served them.

The period following the conference saw the further consolidation of joint action by the armed liberation forces of South Vietnam, Laos and Kampuchea. Assistance from the Vietnamese patriots enabled the power

of the genuine revolutionary forces of Kampuchea to increase considerably. In 1970 they jointly frustrated Washington's design to occupy Kampuchea through an invasion by US-Saigon troops. The liberated areas had been expanded and embraced two-thirds of the population by the early 1970s.

The victory in 1971 by the joint forces of the Liberation Army of Laos and the Vietnamese patriots over the large US-Saigon force that had invaded southern Laos was of great importance for the intensification of the national liberation struggle in the three countries and the disruption of the American schemes to isolate the patriotic forces of South Vietnam. The general military-political offensive by the liberation forces of South Vietnam, launched in the spring of 1972, was reinforced by the blows delivered by the patriotic forces of Laos and Kampuchea at the armed forces of the invaders and the local reactionary regimes.

Drawing on the allround material, moral and political aid and support of the Soviet Union, other countries of the socialist community and all progressives everywhere, the patriotic forces of Vietnam, Laos and Kampuchea got down to fundamental issues, i. e., achieving a political settlement which would fully take into account the vital national interests of the peoples of Indochina. The signing of the Paris Accords on Vietnam in January 1973 and the conclusion in February 1973 of the Vientiane Agreement on the restoration of peace and the attainment of national accord in Laos were an important stage in the winning of genuine freedom and independence by the peoples of those countries, and contributed to the radical improvement of the international situation in Southeast Asia. As a result of the further strengthening of the revolutionary forces of the three countries by the beginning of 1975 the situation in Indochina favoured the liberation forces.

The complete liberation of South Vietnam in the spring of 1975 had a decisive influence on the changing of the situation in Indochina. At the height of the offensive by the liberation forces of South Vietnam, when the pro-American Saigon regime was collapsing, favourable conditions emerged for a decisive onslaught by the Kampuchean patriots who overthrew the pro-imperialist Lon Nol regime on April 17, 1975.

When the corrupt puppet regimes in Saigon and Phnompenh had collapsed, and as the reactionary forces of Laos began to steadily weaken, a revolutionary situation emerged in Laos. In December 1975 the national people's democratic revolution triumphed. In his speech at the 4th Congress of the Communist Party of Vietnam (1976) Kaysone Phomvihane emphasised that the victory was the "triumph of the militant alliance and close cohesion of the peoples of Laos, Vietnam and Kampuchea, the triumph of the special relationship between the Lao and the Vietnamese peoples. This outstanding success was closely linked with the immense and efficient assistance provided by the USSR and other fraternal socialist countries."¹⁰

At the same time one should bear in mind that the Pol Pot regime, which pursued a policy of genocide in Kampuchea, simultaneously began undermining the solidarity between the peoples of the three Indochinese countries. It was a tool of those external forces which tried to drive a wedge between the Indochinese countries. Apart from opening up prospects for the building of a new Kampuchea, the overthrow of that anti-popular regime was a major contribution to the strengthening of the combat alliance and cooperation between the peoples of Indochina.

As a result of the triumph of the anti-imperialist national liberation struggle in the three countries, the Lao People's Democratic Republic was formed in December 1975; the Socialist Republic of Vietnam came

¹⁰ K. Phomvihane, *To Build a Peaceful and Independent Laos*, Hanoi, 1978, p. 89.

into being in July 1976; and, finally, after the criminal Pol Pot regime was overthrown, the People's Republic of Kampuchea was proclaimed in January 1979. This created a qualitatively new situation in Indochina. For the first time in their history, the three independent countries of Indochina embarked, shoulder to shoulder, on the road of building a new society, and at the same time buttressing the special relations of friendship and solidarity forged in the course of their long joint liberation struggle.

The policy of further strengthening fraternal relations between the three countries was reaffirmed in the decisions of the 4th and 5th Congresses of the Communist Party of Vietnam, the 3rd Congress of the People's Revolutionary Party of Laos, and the 3rd and 4th Congresses of the People's Revolutionary Party of Kampuchea. In his report to the 5th CPV Congress (1982) Le Duan, General Secretary of the CPV Central Committee, stressed that the combat cohesion between Vietnam, Laos and Kampuchea had entered a new stage of development, leading to unprecedented changes in the revolutionary situation in all the three countries. The special relations between them are a permanent feature of the revolutionary development of the three countries, and are vital to their destiny.¹¹

The period since the formation of the three independent countries of Indochina has been marked by efforts to further strengthen their cooperation and mutual assistance. The solidarity and mutual aid between the three countries serve as a lever enabling the peoples of Vietnam, Laos and Kampuchea to find effective ways of tackling the complicated tasks they now confront at the initial stage of transition to socialism circumventing capitalism. Joint efforts make it easier for them to overcome the socio-economic difficulties stemming from the fact that for almost three decades, the peoples of those countries had to resist imperialist aggression under the hardest conditions.

The transition to socialism of countries with backward economies is a rather specific revolutionary process whose success depends on internal and external prerequisites. And the political conditions for this transition do exist in Vietnam, Laos and Kampuchea. These countries are led by the power of the working people guided by Marxist-Leninist parties which express the interests of the broad popular masses. This is undoubtedly a crucial condition ensuring the development of these Indochinese countries along the road of socialism. Of exceptional significance is the external factor, primarily the fact that the working people of Vietnam, Laos and Kampuchea are receiving allround assistance and support from the USSR, other countries of the socialist community and progressives everywhere as they build their new life.

The growing unity and close cooperation between the Marxist-Leninist parties of these countries—the Communist Party of Vietnam, the People's Revolutionary Party of Laos and the People's Revolutionary Party of Kampuchea—which exchange opinions on how to deal with the outstanding tasks in domestic and foreign policy, is the key factor contributing to the cohesion of the three countries of Indochina.

Party and state leaders of the three countries meet regularly. Heng Samrin, head of the delegation of the People's Revolutionary Party of Kampuchea (PRPK), General Secretary of the PRPK Central Committee and Chairman of the State Council of the PRK, told the 3rd Congress of the People's Revolutionary Party of Laos in 1982 that the "cause of the revolution of Vietnam, Laos and Kampuchea has been marching forward confidently. Combat solidarity, alliance and allround cooperation of the three countries of Indochina have been dictated by life itself".

¹¹ See *The 5th Congress of the Communist Party of Vietnam*, Moscow, 1983, p. 98.

Relations between the three countries are based on a solid contractual foundation, i. e., the Treaty of Friendship and Cooperation between the SRV and the LPDR (1977) and the Treaty of Peace, Friendship and Cooperation between the SRV and the PRK (1979). A long-term agreement on cooperation in the economy, culture, science and technology was signed in 1979 between the LPDR and the PRK. Under these documents, the countries of Indochina agreed to assist and support each other in every way and in all spheres to increase their ability to defend their countries' crucial achievements—independence, sovereignty, unity, territorial integrity and peaceful labour—against hostile actions by imperialism and world reaction.

The 25-year Treaty of Friendship and Cooperation between the SRV and the LPDR (July 18, 1977) established the foundation for long-term cooperation in building socialism and strengthening the defence capability of the two countries.

The signing of the Treaty of Peace, Friendship and Cooperation between the PRK and SRV (February 18, 1979), was a major political development. As the Treaty stipulates, the SRV and the PRK pledged to assist each other in the economy, culture, education, science, technology, training and exchange of specialists, and provide their experience in all spheres of national construction. The countries undertook to "provide allround assistance and support to each other in all fields and in all necessary forms so as to increase their ability to protect the independence, sovereignty, unity, territorial integrity and peaceful labour of the people of each country from all schemes and subversive actions by the forces of imperialism and international reaction". This Treaty was of particular importance to the People's Republic of Kampuchea, inasmuch as right after it was proclaimed, imperialism and international reaction launched a fierce campaign against it, using the forces of the Khmer counterrevolution, primarily the remnants of the Pol Pot army, which have entrenched themselves in the border areas of Thailand.

The solution of the border issue in the interests of each of these countries (based on a contractual foundation) presents concrete evidence of friendly relations between the three countries. The Treaty on the Demarcation of National Borders between the SRV and LPDR was signed in 1977; an agreement on the historically common waters between the SRV and the PRK was concluded in 1982; and the Treaty on the Principles Governing the Border Settlement between the SRV and the PRK, as well as an agreement on the state border between the two countries, were signed in 1983.

According to Vietnamese press, these documents "guarantee the sovereignty of each of the countries, ensure security in border areas and create favourable conditions for the building of a border of peace and fraternal friendship. They embody the combination of genuine patriotism and socialist internationalism in tackling problems inherited from the past.¹²

The February 1983 Conference of the top leaders of the SRV, LPDR and the PRK occupies a special place in the history of cohesion and cooperation between the peoples of the three countries. This summit meeting, the first after the triumph of the revolution in the three countries, formulated the basic position of the three fraternal parties on long-term cooperation and mutual assistance in all spheres. The joint statement adopted at the meeting determined the four basic principles underlying relations between the three countries:

— to develop solidarity and cooperation with the aim of assisting each other in national construction and defences, thereby making a con-

¹² *Nhan Dan*, July 22, 1983.

tribution to peace and stability in Southeast Asia and elsewhere, without impinging on the interests of any other country;

- to unswervingly consolidate solidarity and cooperation on the basis of Marxism-Leninism and socialist internationalism. All questions involving relations between the three countries should be settled through negotiations and in the spirit of respect for independence, sovereignty, territorial integrity, non-interference in internal affairs, mutual understanding, respect for the legitimate interests of the people of each country, as well as of the peoples of the three states;

- to develop long-term cooperation and mutual assistance on a bilateral or tripartite basis in all spheres in the spirit of friendship, fraternity, free accord, equality and mutual benefit;

- to bolster the solidarity of the three peoples against any hostile efforts to divide them, and also against any manifestations of great-power ideology and nationalism, to permanently educate the peoples of the three countries in the spirit of their traditional friendship and special relations, as well as in the spirit of total rejection of any actions which may undermine their friendship.¹³

The meeting passed some important organisational decisions. It was agreed that summit meetings between the leaders of the SRV, the LPDR and the PRK would be held after a preliminary exchange of opinion at the Conferences of Foreign Ministers of the three countries. The latter should meet twice a year to examine all problems connected with relations between the three countries, which may come up between summit meetings.

Relations between Vietnam, Laos and Kampuchea now present a multifaceted complex of allround cooperation in all kinds of areas, including the political, economic, scientific, technological, cultural and many others, which is developing on both a bilateral and a tripartite basis.

A great deal of work has been done to extend and improve friendly relations between the three Indochinese countries in all spheres in accordance with the decisions of the summit meeting.

Cooperation on a tripartite basis between the Communist Party of Vietnam, the People's Revolutionary Party of Laos and the People's Revolutionary Party of Kampuchea in ideology, party organisation, economic management and foreign relations is gathering momentum. A regular exchange of experience mutually enriches the practical activities of each party in these spheres. Exchanges of this kind are of particular significance for the People's Revolutionary Party of Kampuchea, which sustained tremendous losses under the tyrannical Pol Pot regime.

The three parties pay a great deal of attention to strengthening ideological, political and educational cooperation. At the second conference of the three countries on ideology and propaganda held in Pnompenh in October 1983, several measures were mapped out to help coordinate the ideological work of the propaganda departments of the three fraternal parties in 1984-1985; the spheres of cooperation in mass propaganda and educational activities were charted. It was stated at the Conference that the enemies of the Vietnamese, Lao and Kampuchean revolutions resort to diverse subterfuges to impede the revolutionary process in Indochina. These include psychological warfare, slanderous propaganda and armed provocations on the borders of the three countries. Ideological sabotage and national strife are becoming increasingly dangerous. The Communists of the countries of Indochina maintain that given present situation, the coordination of the joint efforts by the CPV, the PRPL, and the PRPK in their mass ideological activities and the education of party members in

¹³ See *Nhan Dan*, Feb. 24, 1983.

the spirit of loyalty to Marxism-Leninism is more urgent than ever before.

Given the existing external threat, close cooperation in the military sphere is a key question for the countries of Indochina. Under the agreement between the governments of the SRV, the LPDR and the PRK, limited contingents of Vietnamese volunteer troops still remain in Laos and Kampuchea. As was pointed out in several statements issued by the governments of the three countries, the Vietnamese volunteer troops, who are discharging their internationalist duty, will be withdrawn from Laos and Kampuchea as soon as the external threat to those countries' independence and sovereignty is eliminated.

The countries of Indochina give exceptionally great attention to the deepening of their cooperation in the economic, scientific, technological and cultural fields. There has been a practical approach to raising this cooperation to a rather high level of collaboration in such areas as inter-party ties, coordination of efforts in the international scene and military cooperation.

The creation of the material and technical base of socialism in Vietnam, the building of the foundation of socialism in Laos, and the process of national rebirth in Kampuchea are taking place in rather complicated conditions. The stage-by-stage transition to socialism is going on in countries whose economies were gravely undermined by the long years of war and by the destructive influence of neocolonialism. The economic conditions in the countries of Indochina have been determined—at least for the time being—by their backward economy marked by multistructuredness, predominance of small-scale production, and low technological level. The people's democratic leadership in Kampuchea still have to give a great deal of attention to eliminating the devastating aftermath of Pol Pot rule.

The mass media in the countries of Indochina note that, as compared with the advanced level of economic development featured in many countries, the countries of Indochina have many weak points in quite different fields. The countries of Indochina urgently need allround assistance from the Soviet Union, other countries of the socialist community and the rest of the world. Although the level of economic development of the three countries is generally low, there are still certain differences. At the same time each of them has strong points in their economy. This is why it is necessary and possible for them to assist each other so that the economy of one country augments the other. This mutual assistance will make it possible to develop the strong aspects of the economy of each country, and will help them quickly expand production and raise living standards.¹⁴

Despite the existing difficulties, socialist Vietnam gives Laos and Kampuchea tangible assistance in solving their socio-economic tasks. Between 1976 and 1985, the SRV will have granted assistance to Laos to the tune of 1.3 billion dong, with half of this being gratis. Socialist Vietnam is providing technological and economic assistance to Laos in the building of more than 200 projects in different sectors of the economy, including agriculture, forestry, irrigation, education and medical care. Laotians annually go to Vietnam for study. This assistance largely contributes to building the foundations of socialism in Laos.

Important agreements on cooperation are concluded every year between the SRV and the LPDR. For example, in 1983 alone they signed agreements on assistance and credits, on cooperation in forestry, on border freight, on Vietnamese assistance in building hydropower facilities in Laos, etc.

Vietnam's assistance to the socio-economic rebirth of Kampuchea is of

¹⁴ See *Tap ti công san*, 1983, No. 12.

great importance because Kampuchea's economy was totally dismembered during the rule of the Pol Pot regime. Vietnam gives Kampuchea all possible help in restoring agriculture, and forestry, and in establishing education and medical care systems; besides it supplies Kampuchea with consumer goods, foods, agricultural implements and helps it train national personnel.

The 1983 Vietnamese-Kampuchean agreement on economic cooperation and assistance signed in April 1983, places special emphasis on restoring the Kampuchean economy, on the development of cooperation in medicine, on transit traffic, and on expanding trade between the two countries. An agreement on cooperation in medical care was signed in April 1983, an agreement on cooperation in the juridical and legal sphere was concluded in May 1983, etc. Teams of specialists from the SRV are working in Laos and Kampuchea. There are trade agreements between the three countries, and their trade turnover is gradually increasing.

The decision of the summit meeting of the three countries in 1983 gave a powerful new impetus to cooperation between the countries of Indochina on a tripartite basis. Committees on economic, scientific, technological and cultural cooperation have been formed in each of them to come up with practical measures for developing cooperation of the three countries in different spheres of economic and cultural construction, as well as coordinating economic plans.

Two sessions of these committees, in 1983 determined the general principles and guidelines for cooperation between the three countries in economic, scientific, technological and cultural fields. At their second session in December 1983, documents were signed on cooperation in those spheres in 1984-1985.

Other specific measures to improve the mechanism of economic cooperation between the three countries are being elaborated. The regular conferences of ranking officials of the state planning committees, national banks, ministries and departments make a substantial contribution to the common efforts by Vietnam, Laos and Kampuchea to coordinate their economic policies. The Second Conference of the directors of the state banks, held in Vientiane in December of 1983, pointed to the need to extend their cooperation in banking which embraces all spheres of the three countries' socio-economic activities.

The directions of cooperation between the three countries involve measures against the economic "blockade" imposed by several imperialist powers, and against actions to destabilise their economies and disrupt their home market. Also important is the struggle against profiteering.

Efforts by Vietnam, Laos and Kampuchea to develop economic, scientific and technological cooperation on a bilateral and tripartite basis created the foundation for closer socialist economic integration. Given the growing cooperation between the countries of Indochina and the countries of the socialist community, this will undoubtedly help them deal with their tasks in the socio-economic field and raise their living standards. The Vietnamese press noted that the "strengthening of allround cooperation between the three countries of Indochina creates favourable opportunities for the development of broad international cooperation by each country. Comprehensive cooperation between the three countries of Indochina, on the one hand, and their allround cooperation with the Soviet Union and other countries of the socialist community, on the other, are two processes that are developing simultaneously, and supplement rather than contradict each other."¹⁵

Cooperation between the three countries is evolving in other fields, too, including culture, sports, etc. Festivals of the arts of the three

¹⁵ *Tap ti kong san*, 1983, No. 112, p. 10.

countries are being held regularly. There are get-togethers of young people of the capitals of Vietnam, Laos and Kampuchea, and contacts between mass public organisations are expanding.

The three countries of Indochina closely coordinate their foreign policy actions, taking a stand identical to that of the countries of the socialist community, acting on the international scene as initiators consistently upholding the interests of the world socialist and the national liberation movements, and resolutely siding with the forces fighting for peace, democracy and social progress.

Close coordination between Vietnam, Laos and Kampuchea to help normalise the situation in Southeast Asia, turn this region into a zone of peace and cooperation, and establish truly friendly relations with all their neighbours deserves special attention. The biannual conferences of Foreign Ministers of Vietnam, Laos and Kampuchea constantly advance constructive new proposals and initiatives in that field. Nine such conferences were held between January 1980 and August 1984.

New constructive proposals to improve the relations of Vietnam, Laos and Kampuchea with all their neighbours were set forth at a conference of Foreign Ministers of the three countries, held in Vientiane in January 1984. It voiced complete support for the peace initiatives of the Soviet Union and the measures taken by the countries of the socialist community in response to the striving of imperialism to achieve military superiority. The countries of Indochina declared their approval of the position taken by the Warsaw Treaty members at the Stockholm Conference.

Laos, Vietnam and Kampuchea reiterated their support for an all-embracing settlement of differences between the Indochinese and ASEAN countries on the basis of equality, respect for each other's legitimate interests, and non-interference in domestic affairs. They will continue to do everything they can to turn Southeast Asia into a zone of peace, friendship and cooperation. The countries of Indochina are ready to immediately inaugurate a dialogue with ASEAN countries to prevent the current situation from developing into a more serious conflict. The conference stated that the countries of Indochina reiterate their proposals for restoring friendship and cooperation with China on the basis of peaceful coexistence. The June 1984 9th Conference of the Ministers of Foreign Affairs of the three countries of Indochina held in Vientiane was marked by a constructive approach towards the problems it discussed. The Conference's participants reaffirmed their position on the equal character of the dialogue between the Indochinese and ASEAN countries stating that this dialogue will be a major step towards relaxation of tension, strengthening peace and stability in Southeast Asia.

Basing their foreign policy on the Leninist principle of peaceful coexistence between countries with different social systems, closely united with the countries of the socialist community, and working together with progressive non-aligned states, Vietnam, Laos and Kampuchea are coming to play an increasingly important role in the world. The Socialist Republic of Vietnam, and the Lao People's Democratic Republic are full members of the socialist community, active members of the non-aligned movement, and members of the United Nations. The international prestige of the People's Republic of Kampuchea, which is building the foundations of socialism, is growing.

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PRC INITIATIVES ON REUNIFICATION WITH TAIWAN BACKED

Moscow FAR EASTERN AFFAIRS in English No 4, Oct-Dec 84 pp 58-67

[Article by V. N. Baryshnikov, candidate of historical sciences, and S. N. Goncharov, candidate of historical sciences: "An Inquiry into the Reunification of Taiwan and the PRC"]

The Taiwan question has been the stumbling block of Sino-US relations since the formation of the People's Republic of China in 1949. The PRC's attempts to extend its sovereignty to the island, which is supported by international juridical acts (the declarations of the Cairo and Potsdam Conferences, the Act on the capitulation of Japan) have been stubbornly resisted by US imperialism, which wants to retain its grip on Taiwan as a handy tool of its hegemonistic policy in the Western Pacific. Washington is using various pretexts to justify its position, even though it formally recognises Taiwan as part of China, and the PRC government as the sole legitimate government of China. As noted in Hu Yaobang's Report at the 12th CPC Congress, the United States, having passed the "Taiwan Relations Act" which runs counter to the principles of the communique on the establishment of diplomatic relations with China, is continuing to supply weapons to Taiwan, and views Taiwan as an independent political entity.¹

Other anti-China actions by the US are its tireless efforts to disrupt the dialogue that the Chinese government is trying to start with the Guomindang authorities on Taiwan. As is known, China has been devoting a great deal of attention to this initiative in recent years. Having abandoned the slogan of "liberating Taiwan" and stressing the reunification of Chinese lands via "consultations among the people of one and the same country", the PRC government has presented the Taiwan authorities with a whole series of proposals aimed at the island's gradual reunification with the mainland.

The Guomindang authorities, who not long ago proclaimed the aim of returning to the mainland by means of military force, and who still uphold the slogan of "one China", have lately turned down their saberrattling and have officially suggested a programme for China's reunification on the basis of the "three popular principles" of Sun Yatsen. In fact, this programme, addressed to the Chinese government, makes an ultimatum to the PRC to reject its socio-political system and restore capitalism. The Guomindang authorities' stand enjoys the support by the Reagan administration which, along with attempts to play the "Chinese card" against world socialism, continues *de facto* to pursue a policy of "two Chinas", thus demonstrating its intention of keeping Taiwan within the sphere of American strategy in the Far East and of hindering any tendencies for a dialogue between the PRC and the Taiwan authorities for the purpose of reunification. Consequently, the United States remains the chief obstacle to reunification of Taiwan with the PRC, though the US is pretty glib about its respects for the wishes of the Chinese on both sides of the Taiwan Strait. So how has the Taiwan problem fared in recent years, and what is the outlook for a solution?

Attempts at a dialogue on Taiwan's peaceful reunification with the

¹ The 12th All-China Congress of the Communist Party of China (September 1982). Peking, 1982, p. 63.

PRC were markedly reactivated after the normalisation of Sino-US relations. On January 1, 1979, Peking publicly issued an "Appeal to Taiwan Compatriots", adopted on December 26, 1978, by the 6th Session of the Standing Committee of the Fifth People's National Congress.² The document stated the PRC leadership's readiness "to take into account the present situation on Taiwan and the opinions of Taiwanese representing various circles" so as "to cause no damage to the Taiwan people". The basis for cooperation between the Taiwan authorities and the PRC leadership, said the "Appeal", is provided by commitment of both parties to the principle of "one China" and the categorical rejection of the idea of an "independent Taiwan". In this connection the "Appeal" expressed the hope that "the Taiwan authorities would give precedence to the interests of the nation and make a valuable contribution to the cause of reunification". It also announced the PRC government's decision to order the PLA to cease, as of January 1, 1979, the shelling of the Jinmen and Mazu offshore islands under control of the Guomindang, and called on the Taiwan regime to begin talks on the cessation of military confrontation in the Taiwan Strait with a view to creating "the necessary prerequisites and a calm situation for contacts between the two sides in any sphere". As concrete steps in this direction, it was proposed to establish the following: 1) air and sea communications between Taiwan and the PRC; 2) postal service, trade and economic ties (this web of initiatives was later dubbed "three kinds of contacts"), plus "four kinds of exchanges"—relatives and tourists, groups of scientists, cultural groups and athletes teams.

On January 5, 1979, Deng Xiaoping, answering questions by US journalists, declared the PRC's aspiration for peaceful reunification, but stressed, however, that the PRC could not pledge to abandon "other methods", since reunification of Chinese lands was an internal PRC matter. Deng Xiaoping also said that the PRC leadership would seek contacts through various channels with representatives of the Guomindang authorities, especially with Jiang Jingguo.³ The PRC began to view reunification as a question demanding speedy settlement. On the day the "Appeal" was made public, Deng Xiaoping said "the question of Taiwan's reunification with the PRC has already been put on the agenda".⁴

As to the Guomindang regime's attitude to the PRC proposals for a dialogue on reunification, Jiang Jingguo, head of the party, blatantly rejected the possibility of such talks.⁵ He confirmed this position immediately after the PRC made public its "Appeal to Taiwan Compatriots".⁶ An official reply on January 11, 1979, by Sun Yunxuan, Premier of Taiwan's Executive "Yuan" ("administration"), suggested intentionally unacceptable "counter-proposals", such as "rejection of Marxism-Leninism" by the PRC and removal of the CPC from power.⁷

However, the reaction of Taiwan's population to the PRC's proposals for various contacts, including talks, was not the same as the official reaction. The Guomindang's semi-official newspaper *Zhongyang ribao* was obliged to note that "the man on the street" on Taiwan thinks that talks with the PRC can help "turn war into peace", and consequently is not inclined to reject the idea of talks out of hand.⁸ The PRC's "Appeal"

² *Renmin ribao*, Jan. 1, 1979.

³ *Ibid.*, Jan. 6, 1979.

⁴ *Ibid.*, Jan. 2, 1979.

⁵ Jiang Jingguo, *The State, Its Strategy and Destinies*, Taipei, 1981, pp. 56-57, 72 (in Chinese).

⁶ *Free China Weekly*, Taipei, Vol. XX, No. 1, Jan. 1, 1979.

⁷ *Ibid.*, Vol. XX, No. 2, Jan. 14, 1979.

⁸ *Zhongyang ribao*, Jan. 8, 1979.

was also welcomed because the PLA ceased the shelling of the offshore islands, which contributed to normalisation of the situation in the Taiwan Strait. The PLA newspaper *Jiefangjun bao* wrote on January 27, 1984, that the Guomintang troops had also reduced the shelling of mainland China's coastline, and fishermen from Fujian Province and Taiwan had begun fishing in the same waters. Besides, reported *Jiefangjun bao*, goods made in Fujian Province of mainland China appeared in Taiwan markets, and Taiwanese were often visiting their relatives in Fujian.

Faced with the growing attractiveness of the reunion idea among Chinese abroad and in Taiwan itself, the Guomintang had to change gear and offer an alternative plan of peaceful reunification. The 12th Guomintang Congress (March-April 1981) replaced the long outdated slogan of "winning back the mainland" with the policy of "uniting China on the basis of 'the three popular principles' (people's power, people's well-being, nationalism),⁹ which Sun Yatsen had long ago propounded. Elaborating on this slogan, Jiang Jingguo pointed out that at present the Guomintang primarily hoped not for an armed "counterattack against the mainland" but for the Chinese people's realisation that "communism was no good" for the country, that the people would rebel and "shift to the banner of the three popular principles".¹⁰ However, this does not at all mean that the Guomintang has abandoned its old plans of a military invasion of mainland China. In early 1983, an editorial in a Taiwan weekly expressing satisfaction at the big US shipments of weapons, noted that these weapons supplies made Taiwan "strong enough" "to launch a counterattack" at the right moment.¹¹ This indicates that the weapons supplied by the US to the Guomintang are meant not only for "defence".

The PRC's response to the policy adopted by the 12th Guomintang Congress was of course sharply negative. A *Renmin ribao* commentary noted that the slogan of "China's reunification on the basis of the three people's principles", combined with the rejection of talks with the PRC, of air and sea communications, and of postal service and trade, was designed to obstruct the Chinese people's aspiration for peaceful reunification. The newspaper also pointed out that the Guomintang men had long since distorted the "three people's principles" of Sun Yatsen, and therefore could not claim the role of "their proponents".¹² At the same time it began to be stressed in the PRC that it was the CPC alone, not the Guomintang, which is "the true successor" of the "new three people's principles" formulated by Sun Yatsen during the first period of "cooperation" between the CPC and the Guomintang that started in 1924.¹³ That was a hint by the CPC leadership to the Guomintang leaders that cooperation between the two parties was possible, as historic experience proved. It was no accident that the PRC leadership timed its next important initiative to the celebrations of the 70th anniversary of the Xinhai revolution, which is honoured in both the PRC and Taiwan.

On September 30, 1981, Ye Jianying, Chairman of the Standing Committee of the People's National Congress, in a Xinhua interview, came up with new proposals for peaceful reunification, later called "the nine-point political course".¹⁴ These points in the main are as follows: 1) to hold equal talks between the PRC and the Guomintang and to accomplish the "third cooperation" between the two parties for a speedy reuni-

⁹ *Free China Weekly*, Vol. XXII, No. 13, April 5, 1981.

¹⁰ *Zhengyang ribao*, Nov. 14, 1982.

¹¹ *Free China Weekly*, Vol. XXIV, No. 1, Jan. 2, 1983.

¹² *Renmin ribao*, Oct. 1, 1981.

¹³ *Ibid.*, Oct. 8, 9, 1981.

¹⁴ *Ibid.*, Oct. 1, 1981.

fication.¹⁵ The possibility was envisaged of both sides delegating representatives for a preliminary exchange of views. 2) The Taiwan authorities were offered all kinds of contacts and exchanges aimed at improving mutual understanding. 3) It was stated that after reunification, Taiwan could become "a special administrative region" with a high degree of autonomy and with its own troops. The central government, stressed Ye Jianying, would not intervene in Taiwan's internal affairs. 4) It was promised that after reunification Taiwan's social and economic system, its way of life, economic and cultural ties with foreign countries would remain intact. The rights to private property, including houses, land and enterprises, rights of inheritance and foreign investment were simultaneously guaranteed. 5) The Taiwan authorities and representatives of various Taiwanese strata were promised leading posts in all-China political organs and participation in running the country. 6) In case Taiwan might experience financial difficulties, the PRC guaranteed help. 7) Guarantees were offered for an acceptable set up, non-discrimination and freedom of travel for those Taiwanese who might wish to settle in the mainland. 8) Taiwanese wishing to invest on the mainland and set up enterprises there were offered guarantees of their legitimate rights and profits. 9) "Delegations from different circles, popular masses and organisations" in Taiwan were invited to voice their views on the ways and means of China's reunification.

In a nutshell, the nine-point plan can be described as "one state, two socio-economic systems". In its aspiration for reunification, the PRC leadership offered conditions to the Guomindang that provided for preservation on the island of the capitalist system, the existing political structure, and a high degree of autonomy and independence from the central government.

On October 7, 1981, Jiang Jungguo, speaking at a session of the Standing Committee of the Guomindang CC, answered the new PRC initiative by reiterating the former rejection of talks and contacts with the PRC.¹⁶ However, his negativism seemed not to be strong enough, and the problem of reunification began to be discussed actively in various quarters.¹⁷

The appearance of positive responses to the PRC proposals caused serious concern among Taiwan authorities. A *Zhongyang ribao* editorial noted that in the first half of 1982, Taiwanese society experienced a "situation of instability", whose most serious manifestation was the fact that "in the pages of certain magazines and even from the lips of certain persons, there came excessively agitated notions".¹⁸ On July 2, 1982, Jiang Jungguo, speaking at a session of the Standing Committee of the Guomindang CC, attempted to cut short such moods.¹⁹ He threatened severe punishment for "subversive elements violating the law" and "causing disarray in Taiwanese society".

However, shortly afterwards the Guomindang leadership concluded that it stood to gain nothing by dodging discussion on reunification. It began to pretend that it was ready to talk with Peking, and at the same time put forward the terms that made such talks hopeless. Also, making "gestures" for dialogue, the Taiwan authorities tried to pressure the US administration, which has been wary of the mere possibility of rapprochement between the PRC and Taiwan.

¹⁵ "The first cooperation" between the CPC and the Guomindang was in 1924-1927 during preparations for and the actual march to the North aimed at uniting China; "the second cooperation" began in 1937 during the anti-Japanese war.

¹⁶ *Zhongyang ribao*, Oct. 8, 1981.

¹⁷ *Dagong bao*, May 10, 1982.

¹⁸ *Zhongyang ribao*, July 12, 1982.

¹⁹ *Ibid.*, June 3, 1983.

A good example of the manoeuvring by the Guomindang is Sun Yunxuan's speech of June 10, 1982, at the opening in Taipei of the 11th Sino-American symposium, called "Problems of the Chinese Mainland".²⁰ He had to admit that "in recent years the PRC's proposals on peace talks have evoked interest in many countries of the world", although the aim of these proposals is, in Sun Yunxuan's opinion, "to isolate Taiwan in the world scene and then conquer it". Sun Yunxuan hinted that in principle the Guomindang regime was ready for talks with the PRC, but from a position of strength, not weakness. What he was trying to tell the PRC leadership was that Taiwan did not rule out the possibility of contacts on the reunification question if the PRC would not hinder US arms supplies to Taiwan before the opening of the talks. Sun further tried to prove that the PRC had borrowed much of Taiwan's economic experience, and said he highly valued Peking's respectful treatment of Sun Yatsen's "three popular principles". "A gradual rapprochement" between the PRC and Taiwan could, according to Sun Yunxuan, lay the groundwork for reunification. Yet in the end Taiwan's "premier" restated the old Guomindang thesis that reunion was only possible if the PRC restored capitalism.

Sun Yunxuan's speech threw Taiwan's leadership into confusion. It had the backing of younger Guomindang functionaries, who found it inexpedient to reject talks with the PRC, and was given the coldshoulder by the top brass.²¹

For its part the PRC government continued with initiatives in favour of dialogue. July 25, 1982 witnessed the publication in Peking of a "Letter by Liao Chengzhi to Jiang Jingguo", wired to Taipei the day before.²² Liao Chengzhi, son of the well-known revolutionary, Laio Zhongkai, associate of Sun Yatsen, tried to convince Jiang Jingguo that the Guomindang position "not to maintain contacts, not to conduct talks and not to accept compromises" with the PRC was not sensible, since "peaceful reunification" would be in the best interests of both Taiwan and the PRC. Liao Chengzhi once again proposed to Jiang Jingguo that a "third cooperation" be established between the CPC and the Guomindang, and that preliminary contacts be made as soon as possible in preparation for the talks.

This was followed on August 17, 1982, by the joint Sino-US communique, whereby the US pledged to reduce arms sales to the Taiwan regime, both in quantity and quality.²³ Thus, formally the US seemed to have made a concession to the PRC government. But in reality the US position was hypocritical and blocked PRC efforts at reunification through negotiations.

As stated by a Taiwan "government" spokesman on August 17, back on July 14, 1982—more than a month before the signing of the above communique—the US advised Taipei through appropriate channels on the contents of talks with the PRC and the forthcoming communique. The US had made prior pledges to Taiwan, including guarantees that arms sales would not be reduced either in quantity or quality. Besides, the US promised that it would not under any circumstance put pressure on Taiwan on the question of talks with the PRC.²⁴ These explanations to the Guomindang regime represented the real US position on the "Taiwan problem", a position supporting those top Guomindang leaders who flatly rejected the idea of talks with the PRC. It was not accidental that on August 18, 1982, the Taiwan leadership made public an open letter

²⁰ *Zhongyang ribao*, July 11, 1982.

²¹ *Far Eastern Economic Review*, February 10, 1983, No. 6, pp. 30-31.

²² *Renmin ribao*, July 25, 1982.

²³ *Renmin ribao*, Aug. 18, 1982.

²⁴ *Zhongyang ribao*, Aug. 18, 1982.

by Song Meiling (Chiang Kaishek's widow) to Liao Chengzhi,²⁵ meant as a reply to the "open letter by Liao Chengzhi to Jiang Jingguo". Song Meiling said in her letter that the Taiwan regime's policy of "no contacts, no talks and no compromises" with the PRC was absolutely correct.

The PRC tried to benefit from Taipei's manoeuvring on the question of unification. On September 30, 1982, *Renmin ribao* published an article marking the first anniversary of the "nine-point course" of reunification. The article noted that the PRC initiatives were meeting with a constantly growing response on Taiwan, including members of the top echelon.

The policy on the reunification of Taiwan with the motherland was an important step formalised in the PRC Constitution. The "Introduction" to the newly-edited Constitution, adopted by the 5th Session of the Fifth People's National Congress on December 4, 1982, stated that "Taiwan is part of the sacred territory of the People's Republic of China. Completion of the great cause of reunification of the motherland is the sacred duty of the entire Chinese people, including our compatriots on Taiwan".²⁶ The wording is different from that of the "Introduction" to the 1978 Constitution which spoke of "liberating Taiwan".²⁷ The deletion of these words from the new PRC Constitution was meant to demonstrate the PRC leadership's desire to seek reunification by peaceful means through negotiations with the Taiwan authorities.

Of principled importance are the following words in the new Constitution: "If it is necessary, the state establishes special administrative regions. The regime in special administrative regions is established in accordance with the law, depending on concrete conditions, by the People's National Congress".²⁸ These provisions were not in the text of the previous Constitution. Speaking on November 26, 1982 at the PNC 5th Session, Peng Zhen, Deputy Chairman of the PNC Standing Committee, emphasised that this article of the Constitution meant legalisation of the "nine-point course".²⁹

In a situation, when the PRC confirmed its desire for continued efforts to seek peaceful reunification and the Guomindang leadership started manoeuvring in this question, the learned conference, "Prospects for China's Reunification", held in March 1983 in San Francisco, aroused quite a bit of interest. The conference, organised within the framework of the annual meeting of the US Association for Asian Research, was sponsored by two US scholars, Prof. Yang Liyu and Prof. Zhu Yongde. Peking's position was explained at the conference by PRC exchange scholars in the US, while Taiwan's views were voiced by pro-Guomindang US scholars. According to the Hong Kong newspaper *Dagong bao*, which follows the PRC line, the special significance of the conference was the fact that for the first time "scholars from both sides of the Taiwan Strait gathered together and discussed problems of reunification".³⁰

To no one's surprise the conference revealed substantial differences on questions of the principle of China's peaceful reunification.³¹ However, the gathering resulted not only in confirmation of differences. For the first time the Taiwan proponents openly formulated the conditions under which Taiwan would agree to talk with the PRC. Prof. Qiu Hongda, believed to be the most pro-Taiwan scholar among Chinese-Americans, said

²⁵ *Ibidem*.

²⁶ *Renmin ribao*, Dec. 5, 1982.

²⁷ *Ibid.*, March 6, 1978.

²⁸ *Ibid.*, Dec. 5, 1982.

²⁹ *Ibid.*, March 29, 1982.

³⁰ *Dagong bao*, March 29, 1983.

³¹ *Zhongyang ribao*, March 28, 1983.

that "if the PRC offered more credible conditions of reunification", the Guomindang's present negative attitude to peace talks could change. He formulated the following concrete demands: 1) Taiwan must have the right to self-defence, to purchase weapons abroad before and after reunification. 2) After reunification neither side can change reunification conditions unilaterally. 3) Taiwan must have full autonomy, not a "high degree" of autonomy, as proposed by the PRC. Taiwan must have the necessary status on the world scene and be correspondingly represented in international agencies. The fourth condition put forth by Qiu Hongda practically amounted to the old Taiwanese demand that the PRC restore capitalism.³²

As pointed out by Prof. Yang Liyui, one of the conference sponsors, the four points formulated by Qiu Hongda, seemed to reflect the official stand of the Taiwan authorities.³³

These Taiwanese preconditions were studied in the PRC, and on June 4, 1983, Deng Yingchao, Chairman of the Standing Committee of the People's Political Consultative Council of China (PPCCC), speaking at First Session of the PPCCC of the Sixth Convocation, stressed that the PRC, mindful of the historic past, the present situation on Taiwan and caring about the future, was striving for "peaceful reunification" on the principle "one state, two socio-economic systems".³⁴ Deng Yingchao also said: "Given the great cause of reunification, all problems could find a reasonable solution".³⁵ It followed from this that the PRC while keeping its main position intact, showed a readiness to negotiate and come to terms with Taiwan on concrete questions relating to conditions of reunification and the island's status.

The general attitude to Taiwan's terms was elaborated by Deng Xiaoping in his talk with a group of foreign scholars of Chinese descent on June 18, 1983 and then, on June 26, with the already-mentioned Prof. Yang Liyu.³⁶

According to the Japanese news agency Kyodo Tsushin, Deng Xiaoping admitted the possibility of Taiwan's purchasing arms abroad after reunification.³⁷ Thus, to a certain degree he consented to the first condition put forward by the Taiwanese.

Deng Xiaoping also said that an agreement resulting from the talks could be made public, and the PRC would abide by it. That would be the guarantee of the PRC's unchanging position on reunification. At the same time he categorically rejected the idea of some "international guarantees", voiced at the San Francisco conference, which, he said, violated China's sovereignty.³⁸ That took care of Taiwan's second term.

Deng Xiaoping opposed the idea set forth by the Guomindang of "full autonomy" for the island after reunification on the grounds that it would create a "two Chinas" situation. At the same time he formulated new far-reaching proposals on the extent of the autonomy. According to Prof. Yang Liyu,³⁹ Deng Xiaoping stated the following: 1) Taiwan will control its foreign policy, issue its own passports and visas, and have independent economic contacts with other countries. 2) After reunification, the PRC will not send troops or officials to Taiwan to rule the island, control it or intervene in its internal affairs. 3) Taiwan will retain its system of government, in particular its legislative and executive bo-

³² *Asian Survey*, 1983, Vol. XXIII, No. 10, p. 1092.

³³ *Mingbao yuekan*, 1983, No. 7, p. 10.

³⁴ *Renmin ribao*, June 5, 1983.

³⁵ *Hongqi*, 1983, No. 15, p. 33.

³⁶ *Liaowang*, July 20, 1983, pp. 8-9; *Renmin ribao*, July 30, 1983.

³⁷ *Dagong bao*, July 30, 1983.

³⁸ *Ibidem*.

³⁹ *The New York Times*, Aug. 21, 1983.

dies; the PRC laws will not extend to Taiwan. 4) Taiwan will retain its own legal system, which will be outside the control and supervision of the PRC law bodies. 5) The PRC will not impose the socialist economic system on Taiwan. 6) Taiwan will have its own flag, though not the one it has at present.

As stated by Deng Xiaoping, the only limitation of the island's "full autonomy" amounts to the condition that in the international arena Taiwan will be represented by the PRC. At the same time Taiwan will retain independence in external economic relations, issue visas, etc. As noted by a US observer, the limitation of its rights to representation in the international arena should not hamper the Guomintang regime very much, because it finds itself in isolation as it is maintaining diplomatic relations with only 23 countries.⁴⁰ In fact, all this means that China has made a big step to meet the third condition put forward by the Guomintang.

As could be expected, the fourth Taiwanese condition was rejected by the PRC. Deng Xiaoping said that "reunification of China on the basis of the three popular principles is impossible". This condition was also turned down because it indefinitely delayed reunification. Said Deng Xiaoping: "Of course, reunification will take time. But to say that it is not urgent would be wrong. All of us, people of advanced age, hope that reunification will not take long".⁴¹

Subsequently, Peking pointed out again and again that Deng Xiaoping's statements formed the basis of the PRC's current position on the "Taiwan problem".

Judging by Taiwan press reports,⁴² the Guomintang regime's reaction to the new PRC initiatives was again negative. And again the Guomintang leadership decided to manoeuvre. Noteworthy in this respect is the rumour leaked to the Hong Kong press that in September-October 1983, secret talks between top Taiwanese officials and representatives of the PRC leadership took place at a resort in the vicinity of Guangzhou.⁴³

The US became worried that the Guomintang top leaders, previously adamant about the "one China" position, had now begun to show readiness to suggested talks with the PRC under certain conditions.

Washington decided to use the hubbear of an "independent state" on Taiwan. The timing of this ploy was quite deliberate: the term of office of Taiwan "president" Jiang Jingguo expired in May 1984, and "elections" of a new "president" were scheduled for March. Apparently, the US wanted to get rid of Jiang Jingguo, who supported the idea of a "single China" and had had contacts with the present PRC leaders in the past, by blocking his nomination to the "presidency" for the next six-year term.

Initially, Jiang Jingguo, whose health had deteriorated, apparently wanted to retire and hand over power to a group made up of current "premier" Su Yunxuan as "president" or "vice-president" (in case Jiang retained power), the Guomintang General Secretary Jiang Yanshi as "premier" and the "chief of the political war ministry" (which controls Taiwan's security service), Wang Sheng as "minister of defence" or "general secretary". These men are Guomintang veterans, born on the mainland. Foreign observers had reason to think that they could consistently pursue a "one China" policy, and even lean towards gradual rapprochement with the PRC.⁴⁴ The dominant figure of this "triumvirate" was Wang Sheng.

⁴⁰ *News Day*, Sept. 7, 1983.

⁴¹ *Renmin ribao*, July 30, 1983.

⁴² *Zhongyang ribao*, Aug. 27, 1983.

⁴³ *China Letters*, October 1983, No. 144, p. 5.

⁴⁴ *Dagong bao*, May 3, 1983.

The US did not at all relish the prospect of events under this perspective Guomindang leadership and took counter-measures. In mid-March 1983, Wang Sheng made a secret journey to the US "at the invitation of US officials". He met with several Congressmen, and was received at the Pentagon.⁴⁵ As later reported by Hong Kong's *Dagong bao*, American officials confronted Wang Sheng with two conditions—to drop out of the group of would-be successors of Jiang Jingguo and back the US effort to stop Jiang Jingguo from reassuming the presidency. Wang Sheng turned down both conditions.⁴⁶

Then the US put pressure on the Taiwan leadership to get the "unwieldy" Wang Sheng removed. In May 1983, Wang was moved from the key post of "chief of the political war ministry" to an inconsequential military post,⁴⁷ and in September appointed Taiwan's "ambassador" to Paraguay.

Having compelled Jiang Jingguo to remove the influential Wang Sheng from the political scene, the US thwarted Jiang's plans to create a "triumvirate" of successors committed to the "one China" concept, and at the same time reactivated its support for the advocates of an "independent Taiwan".

In mid-1983, Taiwanese "opposition" group on a visit to the US was received by former Attorney-General Ramsay Clarke who advised the Taiwanese to overthrow the Guomindang regime and fight for "Taiwan's self-determination". That meant turning the island into an "independent state". In August 1983, similar ideas were voiced at a meeting of the Taiwanese "opposition" by Rep. Solarz, chairman of the US Congress Subcommittee on Asia and the Pacific, on a visit in Taipei.⁴⁸ Lastly, the same position was continued by a resolution, titled "The Future of Taiwan", adopted by the US Senate Foreign Relations Committee, on November 15, 1983. It looks like it was not by chance that the resolution was passed soon after the Hong Kong press leaked information on contacts between the PRC and Taiwan. The resolution underlined that Taiwan's future must be settled by peaceful means, without any coercion and in a way acceptable to the people of Taiwan and in accordance with the Taiwan Relations Act, passed by the US Congress, and with the Joint Communiqué by the PRC and the USA.⁴⁹ Touching on the way of settling the Taiwan problems "acceptable to the people of Taiwan", the Senate resolution mentioned the above idea of Taiwanese self-determination. In its commentary *Renmin ribao* noted that the US thereby offered support to advocates of "Taiwanese independence", who claim that the island never belonged to China. Thus, the US, according to *Renmin ribao*, demonstrated its intention to perpetuate Taiwan's separation from the PRC and turn it into "unsinkable American aircraft carrier".⁵⁰ This conclusion is borne out by the fact that among the speakers at the hearing preceding the adoption of the aforesaid resolution, were advocates of "Taiwanese independence", living in the US, and their views were expressed in the document.⁵¹

US efforts to remove Jiang Jingguo's probable successors, who favour a "single China", and a simultaneous stepping up of support for advocates of "Taiwanese independence" were bound to arouse legitimate concern in the PRC. On January 1, 1984, in a speech at a New Year reception given by the PPCCC, Deng Yingchao again spelled out the PRC's

⁴⁵ *Wen hui bao*, March 26, 1983.

⁴⁶ *Dagong bao*, Feb. 10, 1984.

⁴⁷ *Far Eastern Economic Review*, June 2, 1983, No. 22, pp. 14-15.

⁴⁸ *Dagong bao*, Feb. 20, 1982.

⁴⁹ *Renmin ribao*, Nov. 19, 1983.

⁵⁰ *Ibid.*, Nov. 20, 1983.

⁵¹ *Zhongyang ribao*, Jan. 15, 1984 (edition for abroad).

position on "peaceful reunification". She underscored that "influential US politicians" and "advocates of Taiwanese independence" they support, are hindering the PRC's efforts to solve the "Taiwan problem" and seeking to perpetuate separation.⁵² In a commentary *Dagong bao* pointed out that the activities of "independence" advocates, inspired by the US on the eve of the "second plenum of the Guomindang CC of the 12th convocation", scheduled for mid-February 1984, were particularly dangerous.⁵³ At the plenum, candidates were to be nominated for the "presidency" and "vice-presidency" of Taiwan. After the undoing of his "triumvirate" plan, Jiang Jingguo was compelled to abandon his intention of retiring and, in spite of poor health, to agree to run again for "presidency". Apparently, his aim was to continue the "one China" policy. On account of Jiang's health, a great deal of importance was attached to the post of "vice-president" who could become "president" if Jiang was gone. A UPI cable from Taipei on January 11, 1984, reprinted in *Dagong bao*, pointed out that if the new "president" turned out to be a native Taiwanese (i. e., whose ancestors lived in Taiwan before 1949, when the routed Guomindang men arrived), this might give a good deal of clout to the advocates of independence.⁵⁴

It is quite obvious that pressure by Washington was the decisive factor that made Jiang Jingguo change his initial decision. *Dagong bao* noted that the USA's ultimate objective is to keep Taiwan separated and bolster its control of the island. Having intervened in the process of determining the successor to Taiwan's "president", the US thereby created the conditions for realising its plan in one form or another in the future, when it finds the situation more amenable. As *Dagong bao* correctly stated, the hatching and carrying out of such plans is "the greatest threat to Taiwan at present".⁵⁵

The PRC is well aware that a fair share of responsibility for the US anti-China policy rests with President Reagan himself. In this respect most revealing for Peking was the US President's offhand statement in February of this year, on the eve of his official visit to the PRC, that his administration is also ready in the future to carry out all obligations regarding Taiwan and that development of US relations with China does not mean "the administration's renouncement of Taiwan".⁵⁶ The US President also warned that he would not agree to any limitation of US relations with Taiwan. During his talks in Peking this April, he said that the US did not intend "to abandon old friends to make new ones". This tough line made the Chinese side at the talks just state that the Taiwan question is a "major obstacle" to the stable and long-term development of Sino-US relations, while the discussion of this question at the two days of talks between Reagan and Zhao Ziyang, Premier of the PRC State Council, took, according to western news agency reports, no more than five minutes. Reflecting the mood in Peking, the Hong Kong newspaper *Dagong bao* connects American support for the Taiwan regime with US "political avarice", and adds: "The trick the Americans have learned best is to change horses half way".⁵⁷

True, the US has gained some experience in throwing away no longer needed puppets and installing new ones that better fit the moment.

⁵² *Renmin ribao*, Jan. 2, 1984.

⁵³ *Dagong bao*, Jan. 3 and 9, 1984.

⁵⁴ *Dagong bao*, Jan. 12, 1984.

⁵⁵ *Ibid.*, Feb. 20, 1984.

⁵⁶ *The New York Times*, Feb. 26, 1984.

⁵⁷ *Dagong bao*, Jan. 17, 1984.

CHINA IN U.S. STRATEGIC SCHEMES

Moscow FAR EASTERN AFFAIRS in English No 4, Oct-Dec 84 pp 68-77

Article by V. I. Biryukov, candidate of historical sciences]

The first half of the 1980s has been marked by an aggravation of international tension as a result of the USA's militarist and aggressive policies around the world. Addressing his electorate on March 2, 1984, Konstantin Chernenko, General Secretary of the CPSU Central Committee, noted that the "recent years have been characterised by a sharp invigoration of the policy pursued by most aggressive forces of US imperialism, the policy of open militarism, of claims to world domination, of resistance to progress, of violating rights and freedom of peoples."¹

In the global context of implementing its imperialist policy the American ruling quarters attach great strategic military significance to the vast region of Asia and the Pacific. American strategy there hinges on the striving to build up political and other kinds of pressure on the Soviet Union, other socialist countries and the national liberation movement.

While stepping up military preparations in the Far East and declaring the region a "zone of vital interests", the United States has decided to bolster "international order" by shoring up military-political alliances and encouraging bourgeois institutions and capitalist tendencies. Washington feels it equally important to ensure access for the USA to foreign markets and raw materials "in order to maintain the strength of the United States' industrial, agricultural and technological base and the nation's economic well-being".² Thus, the Pacific, in the opinion of the US Defence Department, is a "focus of US interests" because of its natural resources, political importance and geographic situation. As for US global strategy, Washington continues to devote increasing attention to the region, which it regards as closely linked with the NATO activities aimed at confrontation with the Soviet Union.³ It is hoped to put military pressure on the USSR from another direction—the East.

At the same time the strategic-military importance of the region in US military calculations is subordinated to considerations which often contradict and have no connection whatsoever with the problems facing the Asian states. "Confidence that Asian nations will participate in countering Soviet global ambitions", Weinberger believes, "are supportive of bolstering Europe security",⁴ as the USA sees it.

At the regional level, apart from guaranteeing "the security of our essential sea lanes" and maintaining "the capability to fulfil our treaty commitments" with the allies, the United States has set itself the immediate task of restricting the growing influence of socialist countries like the USSR, Vietnam and the DPRK on the political situation in the region.⁵

Alongside the other means of accomplishing this, the United States

¹ *Pravda*, March 3, 1984.

² C. W. Weinberger (Secretary of Defense). Annual Report to the Congress, FY 1984, Washington, 1983, p. 15.

³ See *United States Military Posture for FY 1984, Prepared by the Organisation of the Joint Chiefs of Staff*, Washington, 1983, p. 25.

⁴ *Annual Report...*, p. 36.

⁵ *Ibidem*.

feels it extremely important "to build towards a durable strategic relationship with the People's Republic of China".⁶

Although the anti-communist approach to China remains, since early 1970s the US ruling quarters have been trying to use China as a factor which could contribute somewhat to the implementation of American global military and foreign policy strategy. Along with that growing tendency, the US' urge to counter China as an ideological and possible military opponent remains unchanged. US policy towards China since the war has fully reflected certain vacillations in the conceptual realisation of China's international role, and also in Washington's practical actions in relation to Peking. This double dealing has also been mirrored in the US military strategic approach to the PRC. On the one hand, the United States has demonstrated a trend towards considering China to be its enemy, while, on the other, it has sought to turn China into an ally in the struggle against the USSR, the socialist community and the national liberation movement. Of course, the degree of the Chinese leadership's readiness for cooperation with the USA—the military field included—plays a highly important role in the struggle between these two opposite tendencies. By the beginning of the 1980s, as a result of the interaction between these tendencies, what could be called a structure of US-Chinese military contacts within the framework of general US-Chinese relations had evolved.

Official spokesmen of the two countries are not inclined to advertise their military contacts. These "strategic" relations emerged in the latter half of the 1970s, went through a certain crisis in 1981-1982 and continue to evolve. The existing links between the military mechanisms of the two countries, a certain degree of military-political cooperation on the basis of "coincidence" or "parallelism" of interests, as well as military-technological contacts are components of the military relations between the USA and the PRC.

The Nixon Republican Administration (1969-1974) invested the greatest effort to restructure Sino-American relations and lay the groundwork for future military contacts. Dealing in detail with the problems which the USA encountered in the first half of the 1970s—which they were going to deal with by drawing the PRC into the orbit of US military-political strategy—Henry Kissinger, former US Secretary of State and an initiator of the US-Chinese rapprochement, wrote that the United States confronted the need to find a counterbalance to the Soviet Union, to isolate Hanoi and to build Americans' confidence in their own strength following the inglorious American retreat from Indochina.⁷

Under these conditions, and also during the aggravation of the domestic political struggle around international detente in 1973-1976, the Republican Administration decided to use China militarily and politically against the USSR. The US Sinologist William R. Feeney writes: "During the 1970s, the United States had sought to safeguard and advance its interests by entering into a series of formal and informal understandings with the Soviet Union within the general framework known as detente while at the same time developing its ties to China as leverage to insure the acceptable functioning of detente."⁸ Apparently the Pentagon had begun thinking in earnest about the possibility of de-

⁶ *Ibidem*.

⁷ See *Washington Post*, Jan. 30, 1983.

⁸ W. R. Feeney, "Strategic Implications". In *Sino-American Normalization and Its Policy Implications*, New York, 1983, p. 144.

veloping military contacts with the PRC at the end of 1973. Throughout 1974, this possibility was studied. In December 1974 the question was examined by Secretary of Defence J. Schlesinger, and by the end of 1975, i. e., after the US defeat in Indochina, "military ties" with China became a key issue for the Ford Administration.

Schlesinger, an ardent advocate of establishing military contacts with the PRC, proposed turning China into a "strategic ally". Given the declining US military presence in Asia as a result of the failure of the American war of aggression in Indochina, this proposal seemed particularly attractive to those who favoured dealing with the USSR from "a position of strength". In a televised programme on April 11, 1976, Schlesinger stated that "under certain conditions" he would not completely exclude American military aid to China, and called China a quasi-ally of the USA.

Thus, within a short span of time, the Republican Administration had made a considerable reappraisal of its relations with the PRC, ceased regarding China as an enemy, and made a step towards the threshold of military cooperation.

Since the very first contacts between US and Chinese high-ranking leaders in the early 1970s, strategic-military problems loomed large. This fully applies to Kissinger's first visit to the PRC in July 1971, and also to the subsequent official contacts between top representatives of the two sides.⁹ Simultaneously, the parties apparently started unofficially probing each other with an eye to examine possibilities of cooperation in the military sphere.¹⁰

In the mid-1970s the USA received hints from China attesting to a change in the Chinese official attitude to the USA in the strategic-military sphere. According to Senator R. Byrd who visited Peking in August-September 1975, China no longer regarded the USA as a threat.¹¹

In April 1976 "problems of possible military ties" were discussed with Zhang Chunqiao, the then Deputy Premier of the PRC State Council and Foreign Minister Qiao Guanhua by a delegation of US Congressmen when it visited China.¹² However, for various reasons, the two sides were at that time unable to move ahead from studying the possibilities to developing direct military relations. Nevertheless, the USA was already contemplating several forms of military cooperation, such as the transfer to China of military technology, the exchange of intelligence about the Soviet Union, US approval for sales to China of weapons from Western Europe, and also limited direct military aid.¹³

The coming of the Democratic Administration headed by Jimmy Carter to the White House (1977-1981), spurred on US-Chinese military contacts. Initially, Washington tried to develop military relations with Peking to such an extent that some Pentagon spokesmen, according to former Secretary of State Cyrus Vance, felt it necessary to "forge a de

⁹ See, *The United States and People's Republic of China: Issues for the 1980s. Hearings before the Subcommittee on Asian and Pacific Affairs of the Committee on Foreign Affairs*. House of Representatives. Washington, 1980, p. 3.

¹⁰ According to the US scholar B. Harrett, three high-ranking Chinese military officials accredited at the UN as diplomats, had a month of consultations with the then Rank Corporation official M. Pillsbury in 1973. The Chinese displayed interest in obtaining American intelligence information, as well as military technology and equipment (*The United States and People's Republic of China...*, p. 99).

¹¹ See, *Sino-American Relations from the Shanghai Communique to the Present*. Congressional Research Service, Library of Congress, Washington, 1980, p. 2.

¹² See M. Pillsbury, *Statement to the Subcommittee on Future Foreign Policy, Research and Development. Committee on International Relations, April 1976, OA Rand Corporation* (P-5663), p. 14.

¹³ See, M. Pillsbury, "Military Ties with China?", *Foreign Policy*, No. 20, Fall 1975; *The United States and People's Republic of China...*, p. 100.

into security relationship with the PRC before, or instead of, diplomatic relations".¹⁴

While whipping up the myth about the "Soviet threat", the USA tried at that time to develop its military relations with China. "I felt strongly that we should open a dialog with the Chinese that would stress the strategic aspects of the relationship, especially as they bore on the Soviet Union".¹⁵ However, during the Carter Administration's first year, a cautious approach to military contacts with the PRC gained the upper hand in Washington, although this in no way meant that the question was taken off the agenda. The situation began to change in the spring of 1978 when the visit by Brzezinski to China was under preparation. The proponents of a "strategic" approach gradually succeeded in consolidating their position. Carter's instruction to Brzezinski before he left for China in May 1978 stated that the Administration considers relations with the PRC "as a central facet of US global policy".¹⁶ It was precisely in the context of the further development of the "quasi-allied" relations with China spearheaded against the USSR that the American press saw the results of the visit to Peking by Walter Mondale, US Vice-President, in August 1979, who stated in his speech on Chinese TV that any country seeking to undermine or isolate China challenged American interests.¹⁷

Thus, the USA tried to tie in American and Chinese "security" on a single anti-Soviet platform. This was a new element which the USA used to try and create "strategic" relations with China. At that time Washington was thinking about far-reaching plans for military-political cooperation with China, which seemed possible in view of Peking's hints. Washington saw the PRC's positive attitude to the US military presence in Asia as advantageous and promising. According to US President Carter, at his first meeting with Huang Zhen, head of the Chinese "liaison mission" in the USA in February 1977, the Chinese representative tried to persuade the President that it was necessary to "maintain a strong American presence in the Western Pacific".¹⁸ The USA took China's favourable attitude into account when at the end of the 1970s and beginning of the 1980s, Washington put greater pressure on Japan to make it increase its military role in Asia, extended military cooperation with South Korea, and began elaborating plans for building up the US Navy and Air Force in the Far East.

Taking Peking's stand into consideration, as early as the end of 1977, Brzezinski, in his own words, "arranged for the Chinese to obtain a NATO briefing on the global strategic problems, thereby initiating a tacit security relationship with them".¹⁹

In the late 1970s, even prior to the establishment of diplomatic relations with the PRC, the USA began coordinating its approach to different conflicts—primarily in the developing countries—with the Chinese side. While in Peking in May 1978, Brzezinski was authorised to "encourage" them (China) to be helpful in regard to those "regional conflicts where they had a positive contribution to make".²⁰ The Presidential National Security Adviser offered the Chinese a programme of military political cooperation on the basis of "parallel" interests. He also presented a proposal for the exchange of military delegations between the USA and

¹⁴ C. Vance, *Hard Choices. Critical Years in America's Foreign Policy*. New York, 1983, p. 76.

¹⁵ Z. Brzezinski, *Power and Principle. Memoirs of the National Security Adviser. 1977-1981*, New York, 1983, p. 197.

¹⁶ *Ibid.*, p. 207.

¹⁷ See *New York Times*, August 23, 1979.

¹⁸ J. Carter, *Keeping Faith. Memoirs of a President*, Bantam Books, 1982, p. 189.

¹⁹ Z. Brzezinski, *Op. cit.*, p. 203.

²⁰ *Ibid.*, p. 207.

the PRC and promised to revise the rules drawn up by COCOM (the Co-ordination Committee on Trade with Communist Countries), which limited the transfer of sophisticated technology to China.²¹

The visit to the USA by Deng Xiaoping, Deputy Premier of the PRC State Council in January-February 1979 symbolised the expansion of US-Chinese cooperation and consultations on military and military-political matters without any formal allied relations. At that time Washington was actively examining possible directions for the development of military relations with China. A Pentagon report examined ways of bolstering China's pro-American role in the world, such as US military aid to the PRC, sales of the latest weapons, the manufacture of US weapons in China, and the conduct of joint military exercises.²²

The visit to the PRC of US Secretary of Defence, Harold Brown (5 to 13 January 1980) inaugurated official contacts between the Defence Departments of the two countries.²³ Brown's visit was undoubtedly of importance for the development of military relations between the two countries.

In the course of subsequent contacts (visits to the USA by Zhang Wenjin, Deputy Foreign Minister; Geng Biao, Deputy Premier of the State Council, the then Defence Minister and Chief of the Secretariat of the CC CPC Military Council; as well as a trip to the PRC of a delegation of US experts in military technology led by Deputy Secretary of Defence W. Perry) the two sides continued military political cooperation and concentrated on studying the acceptable ways to build up China's military industrial base and military strength through American dual-use technology.

Under the Carter Administration, the USA gradually began revising its policy on supplying China with dual-use technology. Brzezinski wrote: "We wanted, in 1978, to facilitate Chinese acquisitions of non-defensive and possibly even defense-oriented Western technology".²⁴

The role of the USA as supplier of industrial equipment and ready technology to China was growing steadily. It had approved the exports of production and technology to the tune of \$1 billion between mid-1971 and 1980.²⁵

In addition, the USA began taking down the legal barriers which hampered the transfer to the PRC of military hardware and dual-use technology. In March 1980, the State Department lifted the ban on sales to China of auxiliary military hardware and equipment such as automobiles, certain types of transport aircraft and helicopters, spare parts for certain types of communication facilities and training equipment for military personnel. On May 29, 1980, Brown informed the Chinese that American companies would now be allowed to build factories producing helicopters and electronic equipment in the PRC.²⁶ By September 1980, the Pentagon had approved 400 licences for selling to China dual-use technology and from 10 to 20 types of auxiliary military hardware.²⁷

The USA and the PRC started discussing the draft for the building in Harbin of a factory to jointly produce helicopters of the Bell Helicopter company, selling China C-130 transport aircraft, a powerful computer,

²¹ *Ibid.*, pp. 208, 211.

²² See *Washington Post*, Oct. 3, 1979.

²³ The two countries agreed to exchange military delegations. The USA promised to help China modernise its army. Consultations were held on military-political cooperation in Southeast and Southwest Asia. Brown promised to lift restrictions on the delivery to the PRC of dual-use technology, auxiliary military hardware and munitions.

²⁴ Z. Brzezinski. *Op. cit.*, p. 54.

²⁵ See *Technology Transfer to China. Hearings in US House of Representatives*, Washington, 1979, p. 116.

²⁶ See *New York Times*, May 30, 1980.

²⁷ *Ibid.*, Sept. 6, 9 Sept., 1980.

radars, communication equipment, and so on. In its turn, China began deliveries to the USA of such types of strategic minerals used in building aircraft such as titanium, vanadium, and tantalum.²⁸

Cooperation in intelligence gathering has apparently become another important sphere of Sino-American military relations. The Chinese leaders themselves hoisted the curtain of secrecy over the issue. On April 16, 1979, at a meeting with members of the delegation of the Armed Services Committee of the House of Representatives of US Congress, Deng Xiaoping stated: "During the past few years the US side has supplied us with some intelligence reports. We are very satisfied with this. In the future if relations are further strengthened, maybe there is need for more cooperation, especially if a war breaks out."²⁹

Early in 1980s, Sino-American cooperation in intelligence gathering apparently changed. According to some reports, the USA and the PRC moved from the exchange of intelligence to joint gathering, setting up two centres of electronic espionage against the USSR near the town of Qitai (Xinjiang-Uighur Autonomous Region).

Thus, by the juncture of the 1970s-1980s, a mechanism was established which enabled the USA and the PRC to consult each other on a permanent basis on military-political matters, and bilateral military cooperation.

Complicated problems and frictions in Sino-American relations which emerged in 1981-1982 resulted in a temporary decline in the volume and intensity of contacts in military cooperation. During the last years of the Carter Administration, there in fact was consensus on military ties with China, while under Reagan problems reared their head again. Early in the 1980s there was a fierce struggle inside the Administration over the ways and forms of the further development of relations with China, the military sphere included. Reagan's views dominated, particularly on the Taiwan issue.

In this sphere Reagan displayed a certain duality. On the one hand, he favoured the expansion of military ties with the PRC in order to put greater pressure on the USSR, whereas, on the other, he sought to ensure the military buildup of Taiwan, which hampered the development of military contacts with the PRC.

When Alexander Haig, then US Secretary of State, visited China in the summer of 1981, the USA attempted to impose a "package deal" on China, i. e., the further development of "strategic relations" with Peking and the preservation of military and political ties with Taiwan. These negotiations were unable to bring about any advance in Sino-American military relations because the PRC failed to achieve any progress in the issue it considered principal, i. e., ending US military deliveries to Taiwan. The signing of a compromise communique on August 17, 1982 somewhat eased the Taiwan issue within the context of Sino-American relations, and put off its solution.

Since 1983, the US ruling quarters have again displayed interest in developing military contacts with China. To substantiate these efforts, administration spokesmen like in the 1970s, began placing emphasis on the "community of interests" between the USA and China. Caspar Weinberger stated on November 18, 1983 that the US and China were interested not only in stopping Soviet expansionism, but also admitted that a strong China which felt secure and treated Washington friendly met

²⁸ See *Military Technology*, 1980, No. 19.

²⁹ *Report of the Delegation to the People's Republic of China. Committee on Armed Services. House of Representatives. 96 Congress, 1 Session, April 12-22, 1979, Washington, 1979, p. 28.*

³⁰ *Daily Telegraph*, June 19, 1981; *New York Times*, June 19, 1981; *Yomiuri*, Jan. 3, 1982.

American national interests, as well as those of the USA's allies. The inclusion of a provision concerning China's "friendly attitude" became a new element in interpreting US "national interests". Weinberger at the same time implied the realisation of "mutually supplementary actions" on the basis of "common interests" as a prospect for military-political relations between the two countries. US ruling circles continue to try and use China in their strategic military interests. The annual report to Congress by the Defence Department states directly that the USA "continues" its efforts "to develop enduring relations with the People's Republic of China".³¹

The visits to the PRC by Secretary of State George Shultz played an important role. While he was in Peking, the two sides set up a "working group" and a "mixed commission" to elaborate measures to develop military cooperation. The "commission", which worked out the agenda for Weinberger's forthcoming visit to the PRC, recommended that exchanges of official military representatives be expanded, the ties between the military attachés be improved, and cooperation in the science of war, military medicine and logistic support of the army be established.³²

The trip to Peking by US Secretary of Trade in May 1983 played an important role in developing military and technological ties. It was precisely at that time that the USA was preparing to transfer China to the category of "friendly, nonaligned" countries for the purpose of simplifying the procedure of supplying American hi-tech products which could have military application. At this period the USA was trying to highlight those forms of ties in the field which were most attractive to China so as to give a fresh impetus to their military relations.

The visit to the PRC by Secretary of Defence Weinberger on September 25-29, 1983 should be viewed in the light of the total invigoration of the US "position of strength" policy throughout the world, including the Far East, and also its urge to provide a supplementary impulse to military relations with the PRC. During the negotiations in China, Weinberger held discussions on strategic matters with the Chinese leaders. The participants examined the prospects for the transfer to China of "dual-use" technology, the possibilities of selling "defensive" armament, including joint manufacture in China, and plans for exchanges of military delegations beginning in 1984.

The PRC Minister of Defence positively assessed the US Administration's policy of military buildup. From this position, it is obvious that China has not completely abandoned the concepts of mutual relations between the great powers characteristic for the 1960s and the 1970s on which the Peking leaders based their ungrounded strategic calculations of setting the USA and the USSR against each other.

In the autumn of 1983, fresh evidence came to light concerning the practical discussion of the problem about ships of the US 7th Fleet calling at Chinese ports.³³ In his *Yomiuri* interview of September 21, 1983, Weinberger bluntly stated that Washington would earnestly study the problem. According to the former deputy director of the policy planning group at the US State Department, in the autumn of 1983 Peking rejected the US proposal that Chinese men-of-war visited Honolulu. The USA regarded this as China's refusal to make its contribution to defending

³¹ See C. W. Weinberger, *Annual Report to the Congress, FY, 1985*, Washington, 1984, p. 40.

³² See *Daily Telegraph*, March 5, 1983; *Baltimore Sun*, March 5, 1983.

³³ After the Chinese aggression against the Socialist Republic of Vietnam in 1979, the USA raised the issue of the US battleships calling at Chinese ports. At that period China apparently turned down the proposal. However, the USA kept raising the issue. (See, for example, *Yomiuri*, Jan. 3, 1982).

naval communications in East Asia.³⁴ It seems that the US proposal was made mostly with an eye to promote the solution of the problem concerning the calling of US battleships to Chinese ports.

The visit by Premier of the PRC State Council Zhao Ziyang to the USA from January 10 to 17, 1984 can also be viewed as another attempt to invigorate US-Chinese contacts in the military field. This trip greatly helped bring to light the possibilities and limits of the development of Sino-American relations in the military-political, military-economic, and military-technological spheres.³⁵

One of the specific features of the development of Sino-American relations in 1983-1984 was the fact that the two countries were trying to direct them towards expanding economic, scientific and technological cooperation, and at the same time avoiding any aggravation. They again started to expand relations in the military field. In military-political cooperation on the regional level, emphasis was placed on Afghanistan and Kampuchea.

The USA took upon itself "to contribute to China's modernisation, including defense modernisation";³⁶ this has become a characteristic of US policy towards China in the military sphere under the Reagan Administration. In practical terms, the USA increased the number of dual-use technologies that can be provided to China.

The PRC is extremely interested in obtaining access to American dual-use technology and armaments. The main obstacle is the shortage of money. On the whole, there is a tendency towards greater cooperation in providing China with dual-use technology. According to the US State Department, the number of the Chinese orders for dual-use commodities increased from 2,355 in 1982 to 3,900 in 1983. In 1983 3,314 Chinese orders to the tune of \$800 million were approved, while in 1982 the total amount of the approved orders (2,020) was about \$400 million, and in 1981 the USA issued only \$200 million worth of licences to China.³⁷

However, American policy on the issue is being opposed by its allies. In particular, France and Japan are worried about the prospects for transferring technology to China. On September 23, 1983, *Asahi* stressed the "need for a serious approach to the transfer of technology to China on a long-term basis with due account of Western security".

As far as this issue is concerned, the US Administration is also confronted by a strong domestic resistance. For example, the Conservative Caucus, an extremely right-wing organisation which is among Reagan's principal allies, wanted to table an amendment to the bill (in early 1984) concerning the control over the exports, which would make it possible to frustrate the administration's plans to declare China a "friendly, nonaligned country".

The USA has already started implementation of large-scale projects in transferring technology which will raise China's military-industrial level. For China, the USA has become a key source for replenishing its transport aviation. Apart from aircraft purchased earlier, in 1982 China decided to buy ten more transport Boeing-737-200 aircraft and two Boeing-747s.³⁸ The PRC also ordered two DC-9s from MacDonell-Douglas. The cooperation with the latter company seems most promising to

³⁴ See *New York Times*, Dec. 25, 1983.

³⁵ For details about Zhao Ziyang's visit see I. Ilyin, F. Likin, "Washington—Peking: A New Stage of Cooperation", *Far Eastern Affairs*, 1984, No. 2.

³⁶ *Annual Report...*, 1984, p. 269.

³⁷ See *Washington Post*, Sept. 24, 1983; see *Far Eastern Economic Review*, March 8, 1984.

³⁸ See *Far Eastern Economic Review*, 1982, No. 47, p. 78; see *New York Times*, Nov. 24, 1982.

the Chinese, because early in 1984 MacDonell-Douglas and Chinese representatives signed a document on the joint manufacture of 25 transport MD-80 planes (an improved version of the DC-9) in Shanghai. In 1983 the PRC purchased two of these planes. Pratt and Whitney, another American company, plans to make about \$150 million from the sale to China of air engines for the MD-80.³⁹ By 1982 China already had 10 helicopters from Bell Helicopter. At the same time the Si An aircraft factory, together with Boeing Company, started producing 106 different titanium and aluminium parts for the US aircraft-building industry to the tune of \$3,400,000.⁴⁰

China also maintains contacts with companies using American technology to produce air-engines including the Canadian branch of the US Pratt and Whitney Company and the SNECMA of France. In 1984, it was revealed that Chinese representatives had direct contacts with Pratt and Whitney for the purpose of buying hundreds of American jet engines for new Chinese fighters.⁴¹ China is interested in the purchase and joint production of the French fighter-bombers Mirage-2000 and the American F-16 and F-15 aircraft.

China has begun cooperating with the USA in the auto industry. In 1983 the Peking autoworks and American Motors set up a joint company, Peking Jeep Corporation, which is to put out light military jeeps and trucks. China has concluded similar agreements in the field with the Isuzu Motors and ITOH of Japan.⁴²

In 1983-1984, negotiations continued on the direct purchase of weapons by China in the USA. Washington believed that by the end of 1983, China could directly buy 32 types of military hardware, including ammunition. The USA is ready to open access to 11 more types of military goods, provided that China will not pass them on to third countries.⁴³

In opening their military arsenals, the United States has undoubtedly taken into account the specific orders of its Chinese partners. In March-April 1984, the world press carried reports of a trip to the USA by a Chinese military delegation headed by Zhang Aiping which visited military factories in 14 American cities.⁴⁴

On the whole, concrete American policy on military relations with China is more active of late, which is apparently linked to the mounting apprehension in the USA that China might scale down its cooperation with Washington. The US Administration has also taken the election campaign into consideration, which demands foreign policy successes.

President Reagan's visit to the PRC in April-May 1984 gave an additional impetus to the US efforts to develop relations with China in the military field. It is indicative that the Republican Administration is doing all it can to more actively utilise the "Chinese factor" within the context of the confrontation against the Soviet Union in Asia and the buildup of US military muscle in the area. Reagan reiterated that anti-Sovietism is the foundation of the further development of relations with China on a broad scale, the military sphere included. The American President reaffirmed US readiness to support China's military "modernisation".

³⁹ See *Aviation Week and Space Technology*, 1984, No. 3, p. 29.

⁴⁰ See *China Trade Report*, 1982, No. 17, p. 132; see *Aviation Week and Space Technology*, 1982, No. 17, p. 31.

⁴¹ See *Washington Inquirer*, March 7, 1984; see *Far Eastern Economic Review*, March 8, 1984.

⁴² See *China Trade Report*, 1983, No. 3, p. 3.

⁴³ See *Washington Post*, Sept. 28, 1983.

⁴⁴ See *Washington Post*, March 12, 1984; see *Daily Telegraph*, March 13, 1984; *Lian-ghe zhaobao* (Singapore), March 31, 1984.

On the eve of and during Reagan's visit, there appeared fresh evidence of growing contacts between the Defence Departments of the two countries, whose intensity sharply increased in the first half of 1984. It was reported that during the exchange of visits between representatives of Defence Departments of the USA and the PRC, preparations began for concluding the negotiations on the purchase of American armaments and technology with potential military application. During that period, negotiations on sales of arms to China developed rapidly.

During Reagan's visit, the United States made a new effort to expand military-political cooperation with China, concentrated on using China against the USSR on a broader scale. The USA sought China's support for solving the Korean problem on American terms, for US efforts at extending Japan's military functions, as well as support for its aggressive policy in other areas.

The visit to the USA by PRC Defence Minister Zhang Aiping in June 1984 should be viewed through the prism of the further development of US-Chinese ties. As a result of his talks with Reagan, Weinberger and other top Administration figures, cooperation in the military sphere made a tangible stride forward. It involved elaborating the practical measures to build China's military strength, its military-industrial and scientific-technological base. As was pointed out in the Pentagon statement, the Chinese and the American representatives discussed methods to satisfy more fully the "security" needs of the two countries, in particular modernising their armed forces.

According to some reports, the USA has given preliminary agreement to sell to the PRC Hawk anti-aircraft missiles, anti-tank weapons and the technology to manufacture artillery shells.⁴⁵

Reagan's decision of June 1984 to extend to China the effect of the American government programme of selling military equipment to foreign countries has become an important step in promoting Sino-American military cooperation. This implies allocation of credits for China's military purchases in the US.⁴⁶

The USA and the PRC agreed to continue meetings of their Ministers of Defence and to exchange military delegations.

The enervation of the Asian direction in the international and military policies of American imperialism in recent years attests to its intention to heighten political tensions, create an atmosphere of mistrust, and bring the arms race and confrontation to that vast region of the world.

This dangerous policy pursued by US imperialism runs counter to the interests of peace and socialism, and to the aspirations of the peoples of the Asian-Pacific region, including the interests of the Chinese people themselves.

⁴⁵ *Washington Post*, June 15, 1984.

⁴⁶ *Far Eastern Economic Review*, June 28, 1984.

PREMIER'S REPORT TO MAY 1984 PRC CONGRESS SESSION ANALYZED

Moscow PROBLEMY DAL'NEGO VOSTOKA in Russian No 3, Jul-Sep 84 (signed to press 29 Aug 84) pp 99-104

[Article by G. A. Alekseyev: "Results of the Second Session of the Sixth NPC"]

[Text] The Second Session of the Sixth All-China National People's Congress (NPC) was held in Beijing from 5 to 31 May 1984.

Reports were presented at the session by Premier Zhao Ziyang of the PRC State Council on the work of the government, by Chairman Song Ping of the PRC State Planning Commission on the plan for the economic and social development of the country in 1984, by PRC Finance Minister Wang Bingqian on the budget results for 1983 and the draft budget for 1984, by Chairman Chen Pingxiang of the NPC Standing Committee on the work of the committee, by Chairman Zheng Tiansan of the PRC Supreme People's Court and by Chief Procurator Yang Yichen of the Supreme People's Procuratorate. The reports were approved, and the appropriate resolutions were passed on them.

The session discussed and adopted the "PRC Act on the Autonomy of National Regions," "Act on Military Service" and "Act on the Creation of the Hainan Administrative Region of the PRC."

The report of the head of the Chinese Government¹ consisted of two parts--one on domestic policy and one on foreign policy.

Two interrelated matters occupied the central position in the part of Zhao Ziyang's report dealing with domestic policy--the further intensification of the reform of the urban and rural economic structure and the expansion of the "open door" policy for the purpose of encouraging maximum foreign capital investments in the Chinese economy. The PRC Government believes, the head of the government said, that these are "the two most important areas of all future economic activity" in the country.

Zhao Ziyang's report was constructed in such a way that the undertakings the government has planned in these two areas were described in connection with past results in the implementation of the rural economic reform and the "open door" policy. These results represent a major argument in favor of the Chinese leadership's present policy line.

The overall situation in the country, in Zhao Ziyang's words, is developing successfully: "The country has achieved inspiring success on all fronts." He cited data on the development of the national economy, science, education, culture, public health care and sports.

The rate of increase in 1983 was 10.5 percent for the gross industrial product and 9.5 percent for the agricultural product. Indicators scheduled for 1985 in the sixth five-year plan were reached 2 years ahead of schedule for the gross industrial and agricultural products and the output of more than 30 major products--grain (387.3 million tons, including soybeans, yams and potatoes converted into grain units), cotton fiber (1.039 billion tons), coal (715 million tons), oil (106 million tons), steel (40 million tons), cement (100 million tons), chemical fertilizers and others.

Premier Zhao Ziyang of the PRC State Council expressed the "certainty" that the sixth five-year plan (1981-1985) would be fulfilled and even overfulfilled.

He cited data on the rising urban and rural standard of living. The consumer portion of the income of workers and employees was 526 yuan per family member, or 6.4 percent above the 1982 figure, and the net income of peasants was 309.8 per person, or 14.7 percent above the 1982 figure.

In addition, the report by Zhao Ziyang and other reports and speeches mentioned significant difficulties in economic development. The main ones, according to Zhao Ziyang, were the low level of production efficiency, the "lack of balance in economic relations" and the "inefficient pricing system." As a result, "the state carries a heavy burden of state subsidies, and the center is experiencing quite serious financial difficulties."

The higher production indicators, the somewhat livelier market conditions, the first steps toward the satisfaction of vital public needs and the relaxation of the rigid rules governing supplies of vital necessities are all indisputably positive advances in the life of the Chinese working people, whose fundamental material interests were ignored for a long time.

It would be impossible to miss, however, the purely "production-minded," utilitarian approach to socioeconomic issues and, therefore, to political aspects of the reform in the report of the head of the Chinese Government and in other reports presented at the session. The optimistic statements about the situation in Chinese agriculture cannot conceal the accumulation of extremely complex socioeconomic problems in Chinese rural areas. The reform of the Chinese rural economic structure has already been analyzed in our press,² and forms of ownership have also been widely discussed.³ The main purpose of the economic reform is the maximization of the marketability of agricultural products. Presumably, this goal can now be approached by encouraging peasants to work more energetically, and this is supposed to be accomplished through the creation of favorable conditions for competition among population groups or individuals. The main form of labor organization and wages in rural areas is the family contract. According to the purely "production-minded approach," in which the state's principal aims are the marketability of products and the efficient use of land and fixed capital,

preference is naturally given to the more wealthy (or "stronger") families. They are furnished with the best plots of land, fields, credit and so forth. In the 1960's the Chinese peasantry was officially divided into two groups: a) the more or less well-to-do ("strong" families), and b) "the poor and the lowest middle strata" ("weak" families), with a need for material assistance and support from the collective and the state. The second group took in the absolute majority of peasants. Consequently, there is reason to believe that only a small segment of the Chinese peasantry, the "strong" families, are capable of actively competing for economic contracts with better terms. This is certainly true in the sectors making up the basis of agricultural production.

Possibilities for the augmentation of marketability and labor productivity through the intensification of manual labor are limited. It is the general purpose of the reform to encourage peasants to mechanize labor whenever possible and to use modern agricultural equipment. On the one hand, this requires sizable expenditures by the families, and on the other it considerably reinforces the economic power of the "strong" farms.

What does the CCP leadership think about the future of Chinese rural areas in connection with this? At the 12th CCP Congress in September 1982 it was announced that peasants would voluntarily form cooperatives on a "new basis."⁴ Here we find a barely concealed disregard for the social, class-related aspect of the matter.

Let us return, however, to Zhao Ziyang's report. The accomplishments of the past year served as an argument in support of the demand to "step up the reform in the cities." The purpose of the reform is the higher economic effectiveness of industry and other spheres of the urban economy. The assumption is that workers, employees and scientific and technical personnel must first be encouraged to intensify their labor to the maximum by creating the necessary conditions for competition among enterprises and by gradually incorporating mechanized operations in production.

The head of the Chinese Government concentrated on the following matters in his report.

He advised the abandonment of the damaging practice of "serving from the common pot," in accordance with which efficiently operating enterprises and, consequently, their workers and employees are equated with those that work poorly.

The establishment of the correct relations between the state and enterprises in the sphere of distribution, Zhao Ziyang said, will necessitate, on the one hand, the steady growth of state budget income and, on the other, the guarantee of specific amounts of financial resources for enterprises for their "self-management." Last year's experiments proved that the substitution of taxes for deductions from state enterprise profits produced definite results.

When state plans are fulfilled in terms of all indicators, state enterprises have the right to set their own wages and bonuses. They can employ such

forms of payment as various types of bonuses, piece-rate and "floating" wages, differentials for specific types of work and so forth. The state will not restrict the size of bonuses.

To encourage more active production and economic operations by enterprises, Zhao Ziyang said in his report, "their self-management powers have already been expanded"--with respect to planning, daily economic activity, product sales, pricing, the choice of suppliers of crude resources and materials, the use of finances, the distribution of fixed capital, the establishment of structural subdivisions, the management of personnel and the organization of labor, wages and bonuses and the organization of joint economic activity with other enterprises. Besides this, he mentioned the need to make directors responsible for the management of enterprise production.

The last point envisages the considerable expansion of the director's rights. On 21 May 1984 the NEW CHINA NEWS AGENCY explained this point in Zhao Ziyang's report. Enterprise directors will have the right to appoint their deputies and other administrative personnel and the right to reward and punish workers and employees, including the right to promote and discharge them. They can enlist the services of technical and administrative personnel from other enterprises and regions, appoint workers and employees to managerial positions and set their salaries.

The explanation stressed that the state enterprise can keep 70 percent of its amortization fund and have unrestricted use of its funds for the development of production and the manufacture of new products, reserve and bonus funds and social security funds.

When Premier Zhao Ziyang explained why directors had been granted such broad rights and power, he did make mention of the fact that "an entire series of effective measures should be taken to actually guarantee participation by workers and employees in the democratic management of enterprises, improve the system of meetings by their representatives, revealing its role in the approval of decisions on important enterprise matters, in the safeguarding of the interests and rights of workers and employees and so forth, and thereby let it embody the owner status of workers and employees."

It would be difficult to say when and how the "system of democratic management" will be established at Chinese enterprises. The Chinese press and the documents of the NPC session indicate, however, that the actions of many enterprise managers often transcended legal bounds, taking the form of various abuses of professional authority for departmental and personal purposes.

The report by PRC Finance Minister Wang Bingqiang said, for example, that the government had organized three financial inspections since 1980 and had discovered violations of financial and economic regulations amounting to 3-4 billion yuan each time. The speaker said that the reason was that "the revision of some procedures in the administrative system were not accompanied by timely verification and control, and this strengthened such erroneous tendencies as the desire for separatism, selfish departmentalism and the 'overemphasis of money.'"

Small state enterprises, Zhao Ziyang said, could be put under the management of individuals or groups on the basis of a contract or lease, and they would then paid the state taxes in accordance with the procedure set for collectively owned enterprises.

Zhao Ziyang said that the reform of the urban economic structure should be promoted most vigorously in construction. To heighten the impact of capital investments, contracts for the use of allocated capital should be negotiated for all construction projects.

Zhao Ziyang advised "the energetic introduction of various forms of economic responsibility, the most significant of which is the competitive contract." This applies to construction and installation organizations and to project planning organizations. Bids can be submitted by all state and collectively owned project planning and construction and installation organizations regardless of region or department. "We must encourage competition and prevent monopolies," Zhao Ziyang stressed.

An increase in the percentage of temporary and seasonal workers and the active use of the labor contract were recommended.

In housing construction, experiments in "turning living area into a commodity" were recommended.

Zhao Ziyang spoke at length about the reform in the sphere of distribution.

He recommended the reduction of the variety and quantity of products purchased from agriculture and auxiliary crafts in a centralized manner and the expansion of unrestricted sales. The supply and sales cooperatives once called "public," Zhao Ziyang said, must be turned into "people's" cooperatives and must operate on the basis of real collective ownership.

It is significant that in accordance with the "purely economic" approach, the peasant's place and role in the cooperative depend on his contribution to it. These cooperatives could come under the control of a successful minority which does not represent the entire Chinese countryside.

Zhao Ziyang spoke at length about the reform in foreign trade, which is to be conducted in two areas: Administrative agencies are supposed to organize unified planning, regulation and control, compile instructions, plans and standards and issue licenses, and foreign trade enterprises (central and local export and import companies) are supposed to become self-funding economic units.

As we have already noted, a second important area of economic activity, other than the economic reform, discussed in Zhao Ziyang's report was the work to expand the "open door" policy. In addition to the four existing "economic zones" open to foreign capital, its access to 14 major port cities will be facilitated--Dalian, Qinhuangdao, Tianjin, Yantai, Qindao, Lianyungang, Nantong, Shanghai, Ningbo, Wenzhou, Fuzhou, Guangzhou, Zhanjiang and Beihai. The island of Hainan will also be open to foreign capital. In these cities

foreign businessmen who invest capital in the construction of industrial enterprises and other facilities, as Zhao Ziyang said, will be offered significant advantages.

"These port cities and the four special economic zones," the head of the Chinese Government stressed, "forming a single line along the seacoast, will represent the first strip we will open to the outside world." The government expects not only to develop this "strip" along the entire Chinese coast, but also to "support and stimulate internal regions of the country by adopting the latest technical achievements, disseminating scientific administrative experience, transmitting economic information, training personnel, giving personnel support and effectively stimulating the development of socialist modernization in China."

Zhao Ziyang said that the scientific and technical intelligentsia should be given more to do and that the necessary conditions should be established for the improvement of the skills and general educational background of workers, employees and cadres. The latter will be certified periodically, and directors will have to take special examinations.

In the foreign policy section of his report, Zhao Ziyang said that "our relations with friendly neighboring countries--Korea, Pakistan, Bangladesh, Nepal and Burma--have become even closer." Let us take note of the fact that Pakistan and Bangladesh do not neighbor directly on China, and the majority of its direct neighbors--the USSR, MPR, DRA, India, Bhutan, Laos and the SRV--were not mentioned among the "friendly" ones.

Stressing that China attaches great significance to Sino-American relations, Zhao Ziyang announced that the Taiwan question is still impeding the development of relations between the two countries.

In reference to relations with other countries, the head of the Chinese Government said that "China's friendly cooperation with Romania and Yugoslavia rests on a firm foundation" and that PRC relations with the socialist countries of Eastern Europe have been improved.

The continuation of Soviet-Chinese consultations on the level of the deputy foreign ministers of the two countries and the expansion of commercial, economic and cultural exchanges and contacts through other channels were mentioned as positive developments in Zhao Ziyang's report. He announced that China "desires the normalization of Soviet-Chinese relations and is willing to develop exchanges between the two countries in the economic, technical and cultural spheres." The speaker noted the "lengthy cooperation between China and the Soviet Union in revolution and construction."

In addition to this, the head of the Chinese Government repeated the well-known Chinese allegations about the existence of "obstacles" to the normalization of relations between the two countries and alleged that these obstacles pose "a threat to Chinese security."

The head of the Chinese Government's statement that the defense of peace throughout the world is the primary objective of PRC foreign policy can only be applauded.

Judging by the Chinese leaders' statements, however, the main objective of PRC foreign policy is the use of international tension in purely national interests. Zhao Ziyang described the principled class struggle between the two world systems as "a struggle between the two superpowers for world supremacy." He called the attempts by more aggressive imperialist circles in the capitalist countries, especially the United States, to become militarily superior to the socialist world for the purpose of unrestricted action from a position of strength and the suppression of the popular struggle for independence and social progress with impunity a sign of the intensification of the "global skirmish between the two superpowers." He described the increased tension created in the world by the deployment of American medium-range missiles in some NATO countries, which has compelled the USSR to take a number of retaliatory steps, as "the exacerbation of military confrontation between the superpowers in Europe," and so forth. This indicates a desire to use the present situation, in which imperialist forces are putting the world on the verge of nuclear catastrophe, to derive economic and political benefits for China.

Zhao Ziyang's report contained definite attacks on the SRV, which is giving the people of Kampuchea internationalist support in their struggle against the intrigues of imperialist and reactionary forces at the request of this country's government, and a distorted description of the state of affairs in the DRA, where the Soviet Union is giving the Afghan people internationalist assistance in their struggle against counterrevolution and foreign reaction at the request of the government. The political and economic pressuring of the SRV, the increasingly threatening military provocations against Vietnam, the encouragement of armed intervention in Afghan affairs and participation in this intervention, and the attempts to discredit the USSR's internationalist assistance of the DRA--are these not obvious signs of Beijing's regional hegemonism?

It is significant that it is precisely the USSR's internationalist assistance of the SRV and DRA that people in China are calling two of the three "obstacles" impeding the normalization of intergovernmental relations between the USSR and PRC, although relations with third countries should not be categorized as this kind of obstacle. The third "obstacle" is the presence of Soviet troops in the Soviet Far East and in Mongolia. It is no secret, however, that their presence is the result, and not the cause, of tension in Soviet-Chinese relations. The cause of the tension must be sought elsewhere.

In general, an analysis of the NPC session documents suggests that the Chinese leadership's domestic policy is distinguished by an extremely vague strategy of social development and by attempts to ignore the class approach during the reform of the urban and rural economic structure. Economic activity seems to be viewed from a "purely production-minded" vantage point, with no regard for the production relations unavoidably resulting from it. Obviously, the superstructure is certainly not indifferent to these processes, but its positive regulating role can be optimal only in the presence of a strategic plan for the development of the national economy, including production relations.

Many people in China realize this and are actively discussing these problems. The Chinese press noted that speakers at the Second Session of the Sixth NPC made 2,248 critical remarks, comments and suggestions.⁵ Several conferences were held on problems related to the economic reform. For example, the Research Center of the CCP Central Committee Secretariat held a conference with session participants on the rural reform, and speakers there noted that "things are still unclear in this area."⁶

At a conference of the administrators of Chinese municipal government and party agencies on the urban reform, which was attended by Member of the CCP Central Committee Politburo and Vice Premier of the State Council Wan Li and Member of the CCP Central Committee Secretariat Hu Qili, speakers also mentioned the need for maximum assistance in the implementation of the reform.⁷

The foreign policy section of Zhao Ziyang's report attests to the continued disregard for the class approach to contemporary international issues and attempts to rise above the laws of societal development in the present era.

As mentioned above, three laws were ratified at the session. The "Act on Military Service" envisages several measures to reinforce the army junior command with skilled specialists with a technical education. Compulsory service will play the main role, but it will be supplemented by voluntary service. The regular army will be combined with a people's militia and military reserve. Military titles and differences in status will gradually be restored. Students in higher academic institutions and the upperclassmen of secondary schools will have to undergo military training.

The current objective is the creation of a "powerful, modern, regular, revolutionary army," Chief of Staff Yang Dezhi of the PLA General Staff Department explained at the session. This is dictated, in his words, by the fact that "the superpowers are committing acts of aggression and expansion in their struggle for world hegemony, and the danger of world war still exists."⁸

The "PRC Act on Autonomy in National Regions" was explained at the session by Vice Chairman of the NPC Standing Committee and Chairman of the NPC Nationalities Committee Ngapoi Ngawang Jigme, who reported that China now has 116 national autonomous units--5 regions, 31 autonomous territories and 80 autonomous districts. They occupy 60 percent of the country's territory. They are inhabited by 120 million people, including more than 50 million members of ethnic minorities.

The law envisages the continuation of the policy of regional autonomy "in accordance with China's ethnic features." Just as in the past, nothing was said about the right of nationalities to self-determination.

"The autonomy of national autonomous regions," Ngapoi Ngawang Jigme said, "consists mainly in independent government and in the organization of economic and cultural construction on the local level." The chief way of eradicating inequality, he stressed, consists in the offer of maximum assistance to ethnic minorities in the acceleration of economic and cultural development. He also said that the percentage of ethnic cadres is still "quite low."

The session adopted the "PRC Act on the Creation of the Hainan Administrative Region," which will be part of the "coastal strip" with priority access to foreign capital. The region includes the islands of Hoangsa and Chiongsa. A statement issued by the SRV Ministry of Foreign Affairs on 2 June 1984 calls the NPC decision to include these islands in the "Hainan administrative region" illegal. The document confirms Vietnam's sovereignty over these islands and stresses that the Chinese leaders will have to bear all of the responsibility for the consequences of their expansionist behavior.⁹

The latest session of the Chinese People's Political Consultative Conference (CPPCC) was also held in Beijing from 12 to 26 May 1984. Session delegates attended the Second Session of the Sixth NPC with deliberative voting status and participated in consultations and discussions of principal political aims.

At the end of the session Chairman Deng Yingchao of the NPC Standing Committee said that the session had been a success. She stressed the need for the consistent implementation of the united front policy and the importance of organizing work with members of the old intelligentsia.

FOOTNOTES

1. RENMIN RIBAO, 2 June 1984.
2. L. A. Volkova, "Tendencies Toward Change in Forms of Economic Organization in Chinese Rural Areas at the Beginning of the 1980's," PROBLEMY DAL'NEGO VOSTOKA, 1983, No 1; I. N. Korkunov, "Socioeconomic Problems in Chinese Rural Areas," PROBLEMY DAL'NEGO VOSTOKA, 1982, No 1.
3. I. N. Naumov, "Debate on Forms of Ownership in China," PROBLEMY DAL'NEGO VOSTOKA, 1983, No 4.
4. RENMIN RIBAO, 7 September 1982.
5. Ibid., 31 May 1984.
6. Ibid.
7. Ibid.
8. Ibid., 23 May 1984.
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BORDER DISPUTE HINDERS INDIAN-CHINESE NORMALIZATION

Moscow PROBLEMY DAL'NEGO VOSTOKA in Russian No 3, Jul-Sep 84 (signed to press 29 Aug 84) pp 105-110

[Article by Yu. M. Ryakin: "India and China: The Problem of Normalizing Relations"]

[Text] India understandably occupies an important place among the foreign policy priorities of its neighbor, China. In the last few years, since around the middle of the 1970's, India has made a considerable effort to normalize and develop relations with the PRC. In 1976, for example, I. Gandhi's Government initiated the resumption of diplomatic relations with China on the consular level. Restrictions on commercial and financial transactions, cultural contacts and so forth were lifted at that time. There was an active exchange of cultural and public delegations between India and the PRC in the next few years. Trade was resumed between the two countries: Trade volume was 2 million dollars in 1979 and 130 million in 1982. Indian Prime Minister I. Gandhi's meeting with Premier Zhao Ziyang of the PRC State Council in October 1981 in Cancun was an important event in Indian-Chinese relations. During the meeting, both sides confirmed their desire to improve relations, but they also acknowledged the existence of several major unsolved problems between China and India.

The differing, and sometimes conflicting, Indian and Chinese approaches to a number of important international and bilateral issues have disrupted the improvement of Chinese-Indian relations several times. In February 1979, for example, Indian Foreign Minister A. B. Vajpayee had to cut his visit to the PRC short when the Chinese authorities launched an armed attack on Vietnam. In October 1980 the PRC Government ostentatiously postponed the Indian trip of Foreign Minister Huang Hua to express its dissatisfaction with the Indian Government's recognition of the People's Republic of Kampuchea and to exert pressure on India. India has always been wary of China's contacts with South Asian countries, especially Pakistan. The Indian Government is afraid that the current development of Sino-Pakistani relations could disrupt the existing political balance in South Asia and thereby injure Indian interests.

In the opinion of the Indian Government, however, the border dispute is still the main factor inhibiting the normalization and development of Sino-Indian relations.

The different Indian and Chinese approaches to the border dispute became increasingly apparent as Sino-Indian contacts developed. Whereas India invariably called the border dispute the central issue in Sino-Indian relations, the Chinese side persistently tried to convince India that relations could be developed between the two countries without any resolution of the border problem within the foreseeable future. For example, in April 1978 PRC Deputy Foreign Minister Han Nianlong frankly said when he was interviewed by India's STATESMAN that China and India should "look into other matters to create the proper atmosphere" for bilateral relations and postpone the border negotiations indefinitely.¹ When he was interviewed by another Indian publication, Han Nianlong again said that "it would be best not to discuss the border question at this time."² The Indian side has disagreed several times with this approach to the border question.

People in India have also criticized the PRC leadership's stance on the Sino-Indian border. They cannot agree with the Chinese allegations about the absence of a definite boundary between the two countries and the existence of only a "line of actual control."³ They have responded to the PRC stance on the territorial problem by stressing that China occupied part of India's territory in the western and central sectors of the border as a result of the 1962 armed conflict and is now claiming Indian territory in the eastern sector.

At the beginning of the 1980's the Chinese leaders bypassed official channels to address the Indian public directly, repeatedly expressing their views on the border question and the methods of settling it. In this context, a remark made by Vice Premier Deng Xiaoping of the PRC Council in June 1980 in a conversation with an Indian journalist aroused special interest in India: "I believe," the Chinese leader said, "that the border problem can be solved together. If we can recognize the present border in the eastern sector, India can recognize the status quo in the western sector. This problem should not inhibit the development of relations between our countries."⁴ This proposal, which was repeated several times and was termed a "comprehensive" or "package" deal in the press, later became the focal point of the PRC stance on the Sino-Indian border. India felt it was unacceptable in principle. Besides this, it contained an obvious attempt to pressure the Indian Government, which was offered an unambiguous choice: It could either accept the PRC's terms or agree to the indefinite postponement of negotiations on this important matter.

The Indian side, acting in good faith and hoping to find a mutually acceptable solution to the problem, invariably displayed a constructive approach in relations with the PRC. In this context, the official Sino-Indian talks which have been going on for almost 3 years are being treated as a serious matter in India. These talks are understandably of a confidential nature and their content and results can be judged only by isolated official statements, indirect remarks and, above all, reports in the mass media.

The first round of Sino-Indian talks took place in Beijing in December 1981.

The report of the Indian Ministry of External Affairs on the country's foreign policy in fiscal year 1981/82 said that the border question and questions of cultural, scientific, technical and economic cooperation between the two countries had been discussed at the talks. The Indian Ministry stressed that the discussion of the border question had confirmed the existence of serious differences of opinion. Many people in India are convinced, however, that the very fact that talks are being held is a positive sign in Sino-Indian relations. I. Gandhi said in this connection that "there has been some progress" in relations between India and the PRC. She also expressed the belief, however, that the further relaxation of tension in the relations between the two countries would depend on China's stance. "After all, they are occupying our territory, and a very large part of our territory," I. Gandhi said. "Friendship with any country depends on how this country treats you. Sometimes you hold out your hand in friendship and it hangs in the air. What can you do in a case like this?"⁵

An article published in the January 1982 issue of SHIJUE ZHISHI confirmed the existence of serious differences of opinion between the two sides and provided some indication of the PRC stance on the border dispute. This article, which was obviously timed to coincide with the end of the first round of talks, reaffirmed that the entire Sino-Indian border had "never been officially established." India was assigned all of the blame for the exacerbation of the territorial dispute between the two countries: "After India won its independence, the Indian Government...not only failed to take a realistic position but even tried to force China to accept its extremely irrational demands to a large parcel of land. The border dispute in the late 1950's and early 1960's resulted in conflicts along the border, which complicated the problem even more and created additional difficulties in its resolution."⁶ People in India did not fail to notice that a map included in the article depicted all of the regions China considers to be disputed on the Chinese side of the border.

The Indian press later printed reports providing some idea of the two sides' positions in the first round of talks. For example, the well-informed HINDU reported in March 1982 that "at the talks in Beijing China essentially confirmed its willingness to reach an 'all-encompassing' decision based on its earlier position, envisaging the recognition of the status quo on the border by both countries. This means that India will give up the occupied (by China--Yu. R.) territory in Ladakh in exchange for China's recognition of the McMahon Line with certain slight changes. The Indian delegation proposed that both states accept the proposals made in Colombo (this is in reference to the proposal, made soon after the Indian-Chinese armed conflict, of the mutual withdrawal of troops from the disputed regions--Yu. R.), as a point of departure for the start of talks to settle this matter. When China rejected these proposals on the pretext that they were completely obsolete and had nothing to do with the current situation, India proposed the discussion of the problem by sectors, which turned out to be completely unacceptable to China."⁷ According to HINDU, the Indian delegation was unable to gain any "satisfactory explanations" from China with regard to its relations with Pakistan, Nepal, Bangladesh and Bhutan.

Indian officials have acknowledged the complexity of the problems between India and China but have persistently spoke of India's willingness to make progress in relations with the PRC. In April 1982, for example, I. Gandhi repeated that "difficult problems exist" between the two countries but said that "India is striving to create an atmosphere of trust and to settle all bilateral conflicts, including the border dispute."⁸ Indian officials stressed that the responsibility for the normalization of Sino-Indian relations must be shared by the two countries. For example, Indian Foreign Minister P. V. Narasimha Rao said the following when an interviewer asked him if he anticipated progress in the resolution of the border problem with China within the near future: "This question should be addressed to both sides. You can expect just as much from us as from them. We hope, however, that progress will be made; everything depends on the wishes of both sides." P. V. Narasimha Rao felt the need to repeat that the border dispute, in India's opinion, is the main issue in Sino-Indian relations. The Indian minister said that all other problems in Sino-Indian relations could be settled as soon as this conflict had been resolved.⁹

In May 1982 the second round of Indian-Chinese talks took place in Delhi. P. V. Narasimha Rao had the following to say about them: "In this round of talks both sides have concentrated on the key aspects of the border question; special efforts were made to reduce significant differences of opinion between our countries. For this purpose, each side expressed its views on the principles and methods which should serve as a guide in the search for a solution.... The most important feature of the talks which just ended," P. V. Narasimha Rao stressed, "is that both sides seriously considered solutions to the main problems in their relations. Since these problems are extremely complex, it would be extremely difficult to achieve anything that could be called an advance in the talks on them."¹⁰

The foreign minister's cautious statements, which he made with a view to the particularly delicate nature of this topic, were amplified to some degree in reports in the Indian press. For example, the TIMES OF INDIA reported: "The political settlement proposed by the Chinese side on the basis of the 'comprehensive deal'...cannot serve as a mutually acceptable basis for the resolution of the border dispute because it is being employed to legalize the status quo on the border, established by force of arms, particularly in the western sector. For this reason, an alternative framework will be needed to secure the fair resolution of the border problem."¹¹

The INDIAN EXPRESS reported that during two rounds of talks by official spokesmen, "the Indian Government informed the Chinese that it could not agree to the comprehensive proposal." "In response, it appears that New Delhi," the INDIAN EXPRESS continued, "was the first to suggest that the countries discuss the border question on the basis of the Colombo proposals. The Chinese delegation did not agree to this. The Indians later proposed that each sector of the border be discussed 'separately.'" According to the INDIAN EXPRESS, Indian spokesmen informed the Chinese side that the absence of "'perceptible progress' in the resolution of the border problem would have a negative effect on the speed of the normalization of bilateral relations in other spheres."¹²

The NATIONAL HERALD, a newspaper closely associated with government circles, also contained quite restrained reports of the May round of talks: "The head of the Chinese delegation at the border talks, Fu Hao...repeated that the Chinese have enough patience and sincerity to strive for a settlement. This means that the Chinese are in no hurry to settle the border dispute.... India, on the other hand," the NATIONAL HERALD stressed, "feels that the border dispute is the decisive matter in the development of Sino-Indian relations. Consequently, all other problems are of secondary importance."¹³

In spite of the exceptionally complex nature of the talks with China, Indian officials and the Indian public firmly believed that constructive dialogue with the PRC was possible. By December 1982, however, this belief was seriously shaken as a result of actions taken by the Chinese side on the following pretext: The entertainers at the closing ceremonies of an international athletic competition in New Delhi included a dance troupe from the union territory of Arunachal Pradesh, which aroused a particularly angry reaction from the PRC. The NEW CHINA NEWS AGENCY even asserted that India was allegedly "trying to legalize its occupation of Chinese territory." The union territory of Arunachal Pradesh, the news release said, was "created by the Indian Government in 1972, and a large part of it is Chinese territory which was seized on the eastern section of the Sino-Indian border south of the illegal 'McMahon Line' after India had been granted its independence. The Chinese Government categorically refused to recognize the 'Arunachal Pradesh' territory illegally created by the Indian Government."¹⁴

The angry tone of the remarks about India in the Chinese mass media and the open claims to Indian territory just before the start of the next round of talks gave the NATIONAL HERALD grounds to assert that "the present Chinese leadership apparently has no special desire to normalize relations with India." The NATIONAL HERALD stated that these "Chinese remarks have diminished the enthusiasm of even those who have advocated the development of Sino-Indian friendship for many years." Furthermore, the newspaper concluded that "the states making up the Washington-Islamabad-Beijing axis are trying to put India in a position in which it will be threatened from the West and the North."¹⁵ All of this naturally constituted a negative background for the next round of talks between the two countries.

The third of Sino-Indian talks took place in Beijing from 29 January to 2 February 1983. At the end of this round the NEW CHINA NEWS AGENCY reported that "no significant progress was made in the third round of Indian-Chinese talks due to differences in the positions of the two countries."

The absence of progress in the Sino-Indian talks was also reported by officials from both countries. Chinese Foreign Minister Wu Xueqian said at a press conference in Beijing in February 1983 that "no advances were made in the first three rounds of talks between the two countries." That same month I. Gandhi also confirmed that "nothing was accomplished" in the latest round of talks.

An article in the influential TIMES OF INDIA provides some idea of the content of the talks, the positions of the two sides and their arguments after three

rounds of talks. Analyzing the situation on the basis of the information it was able to acquire, the newspaper reported: "China would prefer to shelve the decision (on the border dispute--Yu. R.) for the foreseeable future, until such time as the two sides have normalized relations in other spheres. As an alternative, Beijing is prepared to settle the matter on the basis of 'existing realities' in all three sectors of the border--western, central and eastern--as elements of a 'package deal.' This would mean that China would keep disputed regions in the western and central sectors, which it occupied in 1962, in exchange for giving up its claims to regions south of the McMahon Line in the eastern sector (now part of the union territory of Arunachal Pradesh). Neither proposal can be accepted by India, and this is quite understandable. India has always said that this kind of simple exchange would be a parody of its well-founded position."¹⁶ Many in India feel that the PRC's proposed "package deal" is impossible to accept. The NATIONAL HERALD even remarked that agreement with it would be tantamount to political suicide for "any political party in India."¹⁷

The disagreements with China over the border question continued to arouse serious worries in India, particularly when several PRC actions confirmed these worries. In 1983, for example, the Indian press reported that another map had been published in the PRC on which the union territory of Arunachal Pradesh was depicted as a Chinese territory.¹⁸ India had to issue another protest to the PRC and Pakistan when they opened the Khunjerab Pass to traffic. The pass is located in a section of Indian territory controlled by Pakistan. India protested the "illegal border agreement between China and Pakistan." The Indian press interpreted these Chinese actions as "a sad commentary on China's declared wish to improve and normalize relations with India."¹⁹ The Indian press stated with regret that "although there is no question that relations between China and India have improved considerably in the past 3 or 4 years, the border dispute is still preventing their complete normalization. The territorial problems which have been discussed during the course of this dialogue are still the cause of serious disagreements."²⁰

Chinese officials responded by persistently stressing that the border dispute, which understandably disturbed Indian politicians and the Indian public, could only be settled at some time in the distant future. During a talk with a delegation from the Communist Party of India--Marxist in May 1983, for example, Vice Premier Deng Xiaoping of the PRC State Council said that although there had been some improvement in Sino-Indian relations, "existing problems are difficult and will take time (for their resolution--Yu. R.)." The same belief was expressed by Premier Zhao Ziyang of the PRC State Council at the first session of the Fifth NPC [National People's Congress] on 6 June 1983. The idea that the border dispute could be settled only at some unspecified time in the distant future has been repeatedly expressed by other PRC officials as well. For example, when PRC Foreign Minister Wu Xueqian met with the general secretary of the Indian-Chinese Friendship Society, he frankly admitted that he did not "see any prospect of a quick settlement of the border dispute."²¹ It is clear that the Chinese side's pessimistic thoughts about the possibility of a quick settlement were contrary to India's beliefs.

In spite of their clear fundamental differences of opinion, however, the Indian Government continued to strive for their resolution by means of talks.

On 24-30 October 1983 the fourth round of Sino-Indian talks took place in New Delhi.

Before they began the Indian side issued an official statement which said that although relations between the two countries were "gradually improving," there had been "no real progress with regard to the border problem." The Indian side stressed that it would take a constructive stance at the next round of talks and would strive to establish a mutually acceptable basis for the settlement of the border dispute.

India's firm but constructive position contributed to some progress in the talks with China. In any case, at the end of the fourth round of talks, both sides made more positive statements about its results than they had about the results of the third round. An official Indian spokesman described the fourth meeting as "productive" and "promising." The NEW CHINA NEWS AGENCY remarked that the two sides had taken a positive stand at the talks. Judging by reports in the press, the two sides reached a definite agreement on procedural matters. India agreed to discuss the "package" deal proposed by China, and China agreed with India's thoughts about the need to discuss the border question "sector by sector," although it did not give up its "all-encompassing approach." The NATIONAL HERALD reported, for example, that the Chinese delegation had insisted that the border problem be solved on the basis of a "comprehensive approach" at the start of the talks, but later agreed with the Indian proposal that each sector of the border be discussed separately.²² According to the PATRIOT, the Indian side made it quite clear that it would reject all attempts to legalize the status quo on the border and that it would not agree to give up territory seized by military force.²³

The Chinese mass media told their own story about the Chinese side's position at the fourth round of talks. A member of the Chinese delegation described it as the following in a talk with a representative from the NEW CHINA NEWS AGENCY: "Although China advocates an all-encompassing solution to the border problem, it does not object to separate discussions of the eastern, central and western sectors of the Sino-Indian border for the purpose of solving the problem completely."

This statement, in spite of its obvious "elasticity," leaving room for arbitrary interpretation, engendered definite hopes in India for positive advances in the talks with China. Some Indian observers, however, were able to discern the real meaning of this statement. The NATIONAL HERALD, for example, pointed out a number of important differences which still existed in the PRC and Indian positions. "Whereas the Chinese side believes," the newspaper commented, "that this (border--Yu. R.) question can be shelved and that bilateral relations can nevertheless be developed in such areas as the economic, scientific and technical spheres, India is firmly convinced that the two countries cannot have any strong and lasting ties until an agreement has been reached on major issues and the causes of friction have been eliminated."²⁴

In reference to the two sides' views on the border problem, the NATIONAL HERALD continued: "China wants to conclude a comprehensive agreement. This means that the present boundary line must be accepted unconditionally. This is unacceptable to India for a number of reasons. India, on the other hand, has proposed that the border question be settled sector by sector.... India has put forth a fair proposal with consideration for historical factors and for the legitimate demands of both sides. It has also announced that it has no territorial claims and wants only a fair and honest settlement."

Finally, the NATIONAL HERALD also mentioned the fears aroused in India by the "improvement of relations between China and the United States, particularly in view of China's close ties to Pakistan."

The Indian press has stressed that the PRC position is still unacceptable to India. For example, the STATESMAN asserted that "the first three rounds produced absolutely nothing, and although they said that 'some progress' was made at the fourth round on 6 October last year, China actually agreed only to consider the Indian proposal to discuss the border problem sequentially, sector by sector, within the framework of its idea of an 'all-encompassing settlement.' China would prefer to conclude a comprehensive bargain to legalize the present line of actual control, but this is unacceptable to New Delhi." This is how the STATESMAN describes the essence of the PRC stance in the talks with India: "If China puts forth claims to vast regions in the eastern sector...it does this only to strengthen its bargaining position, asking for more to leave room for negotiation." The STATESMAN concluded that "the negligible concessions (China's--Yu. R.) in this sector cannot compensate India for what it would have to give up in the western sector."²⁵ Therefore, the Indian press is still pointing out serious differences of opinion between the two countries.

On the whole, it appears that the Sino-Indian talks, which have been going on for several years, have not led to any significant moves toward a solution to the border problem of such great importance in Indian-Chinese relations. India's initiatives to normalize Sino-Indian relations have not evoked the proper response from the PRC as yet. Nevertheless, India is continuing its efforts to maintain the difficult dialogue with China.

FOOTNOTES

1. STATESMAN, 20 April 1978.
2. INDIA TODAY, 6 June 1978.
3. See, for example, RENMIN RIBAO, 11 January 1977.
4. TIMES OF INDIA, 22 June 1980.
5. U.S. NEWS AND WORLD REPORT, 8 February 1982.
6. SHIJIE ZHISHI, 1982, No 1.

7. HINDU, 2 March 1982.
8. NATIONAL HERALD, 17 April 1982.
9. TIMES OF INDIA, 16 April 1982.
10. NATIONAL HERALD, 30 May 1982.
11. TIMES OF INDIA, 18 May 1982.
12. INDIAN EXPRESS, 9 June 1982.
13. NATIONAL HERALD, 25 December 1982.
14. RENMIN RIBAO, 9 December 1982.
15. NATIONAL HERALD, 25 December 1982.
16. TIMES OF INDIA, 8 February 1983.
17. NATIONAL HERALD, 29 January 1983.
18. TIMES OF INDIA, 3 May 1983.
19. STATESMAN, 24 May 1983.
20. HINDU, 12 May 1983.
21. HINDUSTAN TIMES, 9 June 1983.
22. NATIONAL HERALD, 31 October 1983.
23. PATRIOT, 31 October 1983.
24. NATIONAL HERALD, 5 November 1983.
25. STATESMAN, 28 February 1984.

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JAPANESE MILITARY BUILDUP CALLED 'DANGEROUS'

Moscow FAR EASTERN AFFAIRS in English No 4, Oct-Dec 84 pp 78-81

[Article by S. S. Modenov, candidate of historical sciences: "Dangerous Seat of Military Danger"]

"A seat of dangerous war tension" is how Konstantin Chernenko, General Secretary of the CPSU Central Committee and Chairman of the Presidium of the USSR Supreme Soviet, described the strengthening of US military forces in South Korea, the show of American military muscle in the Far East, which goes on to grow every year, and involves South Korean and Japanese military units. K. Chernenko said this on May 23, 1984 at the dinner in the Grand Kremlin Palace in honour of the DPRK party and government delegation headed by Kim Il Sung, General Secretary of the Central Committee of the Workers' Party of Korea and President of the DPRK.

Despite such obviously instructive lessons as the ignominious collapses of the CENTO and SEATO anti-communist alliances, the Soviet leader said, the USA has again tried to put together military axes and triangles of Washington-Seoul-Tokyo type. This has seriously destabilised the situation in Asia and was bound to put the USSR and many other Asian countries on the alert.

The USA has long wanted to entrench itself in the Asian-Pacific region. Each successive president deemed it his duty to stress the Pacific's importance for the US geopolitics. If one considers the last two decades, one will remember the Pacific Doctrine of Johnson, the Guam Doctrine of Nixon, and the statements by Ford and Carter who preached "stability and prosperity of the region" which implied the complete dependence of the region's countries on Washington.

While former presidents thought that economic pressure and a greater military presence was the way towards enhancing the US role and influence in Asia, the Reagan administration has done all it can to cement the regional military-political cooperation à la NATO between the states and regimes in Asia and the Pacific that are loyal to the US. These attempts have become especially obvious of late.

If one considers Japan, which the US authorities are turning into an "unsinkable aircraft carrier" in the Pacific, one will remember that Secretary of State Shultz, Vice-President Bush and Secretary of Defence Weinberger all visited Tokyo in the first ten days of May. Each of them pressed for the speediest buildup of the combat strength of the Japanese military forces, and for the further coordination of their military effort with Seoul under the aegis of the Pentagon. Weinberger, who was probably under the spell of President Reagan's recent visit to China, went even farther: he suggested that the Far Eastern "triangle" become a "quadrangle", with Peking as a probable fourth angle.

Japan was again pressured during the Japanese-American talks on security issues held in Honolulu last June. The USA demanded that Tokyo speed up the preparations of the Japanese navy for military actions in the Pacific.

How do the Japanese react to Washington's pressure? Unfortunately, the Japanese authorities' practical steps demonstrate their open milita-

ristic aspirations, disregard of the lessons of the past, and their full support for the USA's aggressive anti-Soviet policy.

In an interview in *Stampa* last June, Prime Minister Nakasone summed up, in a way, what had been done by the present government on building up the country's military strength. "I have put in practice," Nakasone said, "the defence programmes elaborated by others which had existed only on paper. I allowed the transfer of our military-purpose technology to the USA. I increased the defence budget by 6.55 per cent, doing so in a year when government spending was cut. I believe," Nakasone went on to say, "that I promoted a revision of the political scheme in which Japan would try to play its strategic role in the western community." This list of "exploits" is impressive, no doubt, although far from complete.

It was under Nakasone that Cabinet Ministers began to ostentatiously visit the Yasukuni Temple, the centre of rabid chauvinistic and militaristic propaganda during the prewar and war years. The so-called Day of Northern Territories is now extensively celebrated in Japan, the purpose being to make the Japanese hostile to the Soviet Union. Government money is allocated for all kinds of provocations, with the Prime Minister and his ministers taking part in these actions. Various groups and committees of the ruling Liberal Democratic Party, have become more active in calling for amendments to the peace articles in the Constitution and changes in the country's laws.

Pompous celebrations, on May 26-27 in the town of Kagoshima on the 50th anniversary since the death of Admiral Togo, who had commanded the Japanese Imperial Navy in the battle of Tsushima, excited chauvinistic, revanchist and militaristic sentiment in Japan. At the same time, the 79th anniversary of the so-called "great victory of the Japanese fleet over Russia" was celebrated. To pay tribute to the Japanese militarists of the early 20th century, a military brass band marched along the streets of the provincial southern town, followed by 300 children who belong to the navy club. Six destroyers, a Japanese patrol ship, a US cruiser armed with operational missiles, a patrol ship of the US 7th Fleet and two British and one French patrol ships stood in the harbour, decorated with multi-coloured ensigns. Japanese combat aircraft flew in battle formation over the ships. The speech made by Y. Kurihara, head of the National Defence Agency (NDA) who specially came to Kagoshima, was the hit of the militarist display. He said he would be happy to see "defence capability of the country enhanced, in cooperation with the Japanese people, and would like to see the Japanese people regard this task with greater understanding."

Tokyo made a clumsy attempt to present the Kagoshima show as initiated by a "group of individuals" who had supposedly wanted to pay tribute to their hero. Nobody believed, however, that this was initiative shown by the local population and Togo admirers. The gathering would have obviously been impossible without official consent and participation of the authorities, to say nothing of the 12 warships from four countries. What took place in Kagoshima was vivid proof of strong militaristic tendencies in Japan today. By kindling revanchism and hostility toward the Soviet people, the ruling circles want to smash the last obstacles to Japan's remilitarisation, and to turn it into an aggressive militaristic power.

The following question arises: are the "self-defence forces", as Japan furtively calls its army, set up in contravention of the Constitution, too weak to defend the country from an imaginary foreign enemy? The real situation is quite different. And the facts that Tokyo makes no attempts to refute testify to this.

Today the Japanese land armed forces are approximately equal to those of Britain; Tokyo's air forces are sixth on the list of the US fifteen NATO allies; Japan ranks fourth as regards the navy (in terms of ship tonnage) and fifth in submarines. Japan's military spending is the eighth highest in the world even now, while its military budget growth rates over the last decade have been 150 per cent higher than the average growth in the NATO countries.

According to the Japanese press, the "self-defence forces" include 13 land divisions, 130 warships with a total displacement of 280,000 tons, over 800 various-purpose aircraft; and over 240,000 officers and men, who are well-trained and taught to fight in all conditions.

Neither Tokyo nor (still less) Washington, however, consider the standard achieved as sufficient. On the day that US Vice-President. Bush came to Tokyo, the leading Cabinet Ministers approved the basic provisions of the five-year programme of developing the Japanese armed forces in 1986-1990, with "prolonged military actions" as its main objective. The new programme, as the Chief of the NDA stated, was aimed at the "high-quality, allround" buildup of the military forces and at equipping them with the most modern military hardware. This is supposed to make Japan one of the world's most powerful military states.

This military programme is not at all meant to raise the defence capability of the Japanese army, air force or navy; it is meant to radically change their ability to conduct offensive far beyond the Japanese borders. The programme emphasises the need for "controlling" sea communications stretching for 1,000 miles around the Japanese coasts.

By 1990, Tokyo plans to have 430 combat aircraft, and to complete the design of an entirely new fighter plane, and an invisible attack aircraft with a flight range of up to 1,500 km. Since 1986, the "self-defence forces" are to be armed with the first Japanese-made cruise missiles. The fact that in the early 1990s Japan is to become a "great space power", capable of launching a satellite weighing about two tons, is not at all prompted by its desire to enhance its defence capability. Commenting on this fact, *Asahi* was forced to admit that "the creation of the H-II missiles will show neighbouring states that Japan is a potential possessor of ballistic missiles".

The NDA has been deliberately training its seamen to conduct military operations out in the ocean, and to block the Far Eastern straits. With this aim in view, the Japanese naval forces are by 1990 going to have a powerful fleet of missile destroyers and submarines, anti-submarine ships and aircraft; by the way, in March 1984, the Japanese navy received its first missile submarine. A relevant network of supply centres is being established on the Pacific islands to help Japanese naval units conduct combat operations. The construction of a major naval base in the central part of Okinawa has been completed; its purpose, as was officially announced by Tokyo, is to trace "enemy" submarines and warships crossing adjacent areas. It was also announced that a big radio-centre would be built on Iwozima island, 1,200 km south of Tokyo.

Besides the rapid buildup of its own military strength and accelerated preparations for operations in the ocean, Japan has been giving ever larger parts of its territory to the deployment of US nuclear weapons; it is becoming a "forward-based" staging area for the US nuclear forces which keep the Soviet Union and other countries at gun-point. It is an open secret that as of 1985, Tokyo will deploy the US F-16 fighter-bombers, with nuclear arms on board, at the Misawa air base. Large depositories for nuclear weapons are being built there, according to W. Arkin, Director of the Nuclear Research Programme of the US Institute of Political Studies, who was quoted in an interview in *Asahi*.

Last June, the first of 375 Tomahawk nuclear cruise missiles began to be deployed on the ships of the US 7th Fleet. Noteworthily, while previously the Pentagon and top Japanese officials kept mum about the fact that the Tomahawks would have nuclear warheads, and that the ships carrying them would visit Japanese ports (doing so to quell the tide of anti-war demonstrations sweeping Japan), today the authorities consider these things as a fait accompli. Prime Minister Nakasone recently said the Japanese navy was ready, "in case of emergency", to conduct joint combat operations with the US ships carrying nuclear missiles on board. Admiral S. Foley, Pacific Fleet Commander, speaking on May 28 in Sasebo, frankly admitted the possibility of this port being visited by US warships with the Tomahawks that might carry nuclear charges. Commenting editorially on the Admiral's statement, *Tokyo shimbun* wrote that all this implied a substantial change in the Japanese-American "security treaty" and the erosion of the "three non-nuclear principles" declared by Japan.

The British newspaper *Observer* noted that Washington also decided to place land-based cruise missiles at the disposal of its Pacific Command. The aim of all these measures, wrote the Hong-Kong-based *Far Eastern Economic Review*, was to surround the USSR with a "nuclear belt" of sorts running along the territories of the US NATO allies, rather than its own, to secure for it better chances of survival in a nuclear war.

Official Tokyo is undoubtedly well aware of the fact that the deployment of cruise missiles targeted at the Soviet Union and other countries poses great potential danger to Japan. This was partially revealed by H. Kitamura, Director of the North American Department of the Japanese Foreign Ministry, who spoke in the Parliamentary Foreign Affairs Committee. He admitted that the deployment of the Tomahawks on the warships of the US 7th Fleet at Japanese ports, contained the real threat of Japan's involvement in a nuclear war. This awareness, however, did not sober the Japanese ruling circles who are still playing the role of active participants in US aggressive strategy to the detriment of Japanese national interests and who are in fact turning Japan into a hostage of the USA in the Far East, and a target of a retaliatory strike.

The following statement by the Japanese Prime Minister shows how far has Tokyo gone in encouraging the Washington nuclear madmen. "A country in possession of nuclear weapons," he said, "has the right to use them at its own discretion. The Japanese attempts," he continued, "to force the USA not to use nuclear arms in any circumstances are equal to interference in US internal affairs."

US imperialism has been stubbornly trying to turn the Asian continent into an Eastern front of struggle against the Soviet Union and other socialist countries. In this, a major part has been assigned to Japan whose ruling circles are kindling revanchist sentiments, making territorial claims, and turning Japan into a US nuclear base—doing it all as if they forgot what misfortunes and sufferings had been inflicted on the people of Japan and other Asian countries by Japanese militarism in the past. "The attempts to repeat history during a more dangerous, nuclear era, are bound to put many Asian countries on the alert," Konstantin Chernenko said. "These attempts have nothing good in store for Japan either."

It would be naive to think that creating a military threat in the Far East would be left unnoticed or unconsidered in the Soviet Union. The architects of current foreign policy in Japan should remember this better than anybody else.

SRV PAPER HITS PRC ROLE AT 1954 GENEVA CONFERENCE ON INDOCHINA

Moscow FAR EASTERN AFFAIRS in English No 4, Oct-Dec 84 pp 92-94

[Article: "NHAN DAN on Some Aspects of PRC Behavior at 1954 Geneva Conference on Indochina"]

The newspaper *Nhan Dan*, the organ of the Central Committee of the Communist Party of Vietnam, has published memoirs by Nguyen Thanh Sen, who was a member of Vietnam's military delegation at the Geneva Conference of Foreign Ministers on Restoring Peace in Indochina (April-July 1954).

Nguyen Thanh Sen writes that at the Conference, he represented the General headquarters of the Vietnamese People's Army and the Commands of the Revolutionary Armed Forces of Laos and Kampuchea. His task was to discuss three draft agreements on a ceasefire in the Indochinese countries with the French military delegation.

History showed that at the Geneva negotiating table the national liberation forces had both overt and covert enemies, who prevented the representatives of the Khmer Issarak (Kampuchea) and Pathet Lao (Laos) governments from participating. At the request of the two friendly governments, the Vietnamese military delegation was to represent the interests of its allies, to maintain unswervingly the just stand of Vietnam and its friends on every issue, and defend the common interests of the revolution in the three countries of Indochina.

On the face of things the Chinese delegation acted as a representative of a socialist country and as an ally, but in fact engaged in behind-the-scenes activities, holding secret meetings with the enemy behind its ally's back. The Chinese delegation at the Geneva Conference indulged in clandestine bargaining with France and the USA, that is, the principal enemies of the Vietnamese at the Conference. The Chinese repeatedly threatened: "The US Seventh Fleet has reached the Vietnamese coast and is ready to land troops." Then, when the Mendès-France government came to power, the Chinese said: "This government will easily come to terms, therefore do not drag the conference on. Mendès-France has already made promises to the French National Assembly."

The Chinese delegation compelled the Vietnamese to make one concession after another, the writer says, among them

—on Vietnam: "We had to abandon our demand that the provisional demarkation line be established in Cochinchine (Nam Bo) in favour of a suggested demarkation line along the 13th parallel. At the last moment, on July 20, 1954, they forced us to agree to a line along the 17th parallel and to withdraw our troops to the north of it. Zhou Enlai then came to congratulate us on the 'great victory'";

—on Laos: "We initially insisted on a Pathet Lao-controlled zone encompassing all of eastern Laos stretching for more than 1,000 km from north to south, including the Boloven plateau and part of Central and Southern Laos. But we were finally forced to agree to just two mountain provinces in the north of the country—Phongsaly and Sam Neua—which were at that divided by the Luangprabang Province that still belonged to the French";

—on Kampuchea: "We insisted that the Khmer Issarak government receive two regions for the deployment of their armed forces—east and northeast of the Mekong, and southwest of the river. We finally agreed that no part of Kampuchean territory would be left available to the revolutionary forces. Just before the Conference ended, our delegation suggested that a corridor be established between the Phongsaly and Sam-Neua provinces for the Pathet Lao armed forces to be deployed. This reasonable suggestion was immediately approved by the Soviet and British Conference cochairmen. Nobody had any objections, and it was a matter of only ourselves and the French, the two interested parties, reaching an agreement on the concrete limits of the corridor".

"In accordance with the programme, our military delegation and the French were to meet in the evening of July 19, 1954 to determine the corridor limits so that the ceasefire agreement in the three Indochinese countries could be signed at 4 p.m. the next day (for technical reasons the talks lasted longer, and the agreements were not signed until 4 a.m. on July 21)".

"In the evening of July 19, Ta Quang Bui, Ha Van Lau and Dang Tin—other members of our military delegation—had to deal with other problems involving the signing of the documents. For this reason, the author writes, I alone attended the talks with the French military delegation. But when I arrived at the venue of the meeting, I did not find a single member of the French delegation there. I waited for a long time, but nobody turned up. The French had not warned us beforehand about postponing the meeting. Could they have forgotten about it altogether? Suddenly Chinese Gen. Liu Anfu appeared, and asked me to brief him on our position on the corridor limits. Gen. Liu Anfu was then the military adviser of the Chinese delegation. I opened the map and told him: 'I can't understand why the French are not here. Could they have forgotten? Since they are not here, we are obviously free to decide the question ourselves. It's chance too great to be passed up to ensure a wide corridor for the Pathet Lao so that it finds it easier to operate later...' I showed the General our draft, which was as follows:

"The eastern border of the corridor fell along the border between the Lao province of Luangprabang and the Vietnamese province of Son La; the western border began at the border between Phongsaly and Luangprabang provinces, passed through Nam Lan, Muongngoi and Paolao to the Luong River, and then further on to the border of Sam Neua province in the Muong Son Region. The corridor intended for the Pathet Lao would therefore encompass an area of 4,850 sq km (more than that of the Vietnamese province of Vinh Phu or Lon Gan).

"When I finished, I expected Liu Anfu to back the draft fully, because it was in the interests of the Lao revolution, the three countries of Indochina, and the socialist countries. I was totally unprepared to see Liu Anfu hastily expound another ready-made draft. The corridor it suggested was far narrower, encompassing only 1,100 sq km in the hard to get at mountains. Liu Anfu's arguments were quite simple: "The Pathet Lao will do with that kind of corridor.

"Though I was really taken aback by Liu Anfu's attitude to the draft I had presented and shocked by the document he had just offered," Nguyen Thanh Sen recalls, "I still tried to persuade the Chinese adviser to support our draft, demonstrating its advantages for our Lao friends and our side in general. Liu Anfu was, however, obstinate and would accept no changes in the draft he offered. It was abundantly clear that it was not something he himself had prepared, but the general position of the Chinese delegation, and he had no power to change anything.

"On that evening of July 19 the French delegation did not turn up at the meeting, which meant that the French side allowed us to decide

the matter ourselves. Why not exploit the situation and gain something in the interests of the Lao revolution? I never expected that a 'loyal friend' would put pressure on me during the last round of talks with the enemy. I could not stop myself from reproving Liu Anfu: 'We have a common responsibility and have to defend the interests of the Lao revolution: the width of the corridor is a subject of dispute between us and the colonialists, so why should we disagree among ourselves?'

"This pointblank question put somewhat undiplomatically embarrassed Liu Anfu. He sat silently for several minutes, poured me a glass of water, then said that he would leave me for a while. I thought that he just wanted to get a breath of fresh air, never suspecting for an instant that he hurried to report to Zhou Enlai. They returned together, and Zhou Enlai began trying to talk me into accepting the Chinese draft, claiming that these concessions were necessary so that the agreement could be signed at the appointed time and peace could be restored in Indochina.

"Zhou Enlai and I agreed on the western border of the corridor stretching along the Pakluong-Sopngai-Nongpuok line, with the corridor encompassing 2,200 sq km, that is, 2,600 sq km less than suggested by our delegation. At the very last moment the corridor limits were written into the agreement on the end to military operations in Laos. The French side read the document before signing it, and raised no objections on this issue. This means that the Chinese and the French had come to terms in advance."

"But at that time," Nguyen Thanh Sen notes, "I did not even dare suspect that the Chinese side might be betraying the revolution in Indochina and the socialist cause at the Geneva Conference."

"Briefly, I was too superfluous in evaluating the real import of the Chinese delegation's activities at the 1954 Geneva Conference. I failed to see the main point in the Chinese leaders' actions—although they had long fought among each other for personal power, they were unanimous in pursuing an expansionist policy towards Vietnam, they all advocated a hegemonist policy. This key characteristic already became manifest at the Geneva Conference, when the Chinese impeded the revolution in Indochina as much as possible.

"I sometimes think that when we came to the Geneva Conference the complete victory of the Indochinese countries was quite close. Had it not been for Peking's betrayal, the Vietnamese revolution would not have to go through the ordeal of 21 more years before its historic victory on April 30, 1975, and fraternal Kampuchea would not have found itself in the hands of Pol Pot, Ieng Sary and Khieu Samphan, who exterminated 3.3 million Kampuchians.

"The events of the evening of July 19, 1954, provide 100 per cent proof of the fact that the French military delegation failed to turn up at the appointed meeting with us because it had already made a secret deal with China and allowed the Chinese to put a brake on our activities. The French delegation was fully aware of China's unwillingness to see the complete victory of the Vietnamese, Lao and Kampuchean peoples. Rather than promote our interests, Zhou Enlai's mission in Geneva protected its schemes to turn the Indochinese countries into obedient satellites and to use them subsequently as a bridgehead for expansion in Southeast Asia."

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TOKYO-WASHINGTON AXIS: ROOTS OF ONE ALLIANCE

Moscow FAR EASTERN AFFAIRS in English No 4, Oct-Dec 84 pp 95-104

[Article by S. I. Verbitskiy, candidate of historical sciences]

Not only Japanese and Americans, but people everywhere have been closely watching Japanese-US relations. On the one hand, the contradictions between these two major imperialist powers are heightening, particularly economic contradictions, while, on the other, the ruling circles of the two countries are trying to work out a single approach to regional and global problems, primarily in the political and the military fields.

Especially after the Nakasone Cabinet came to power late in 1982, Tokyo has been taking an increasingly active part in the US military and political strategy in the Pacific, supporting the Reagan administration's aggressive nuclear policy. In turn, Washington, as is clearly seen from the US President's visit to Japan in November 1983, emphasises in every way the exceptional role that Tokyo plays in the Pacific.

The character of current Japanese-US relations is conditioned by a set of complicated historical, military, economic and political factors. However, the sources of these relations do not lie in the remote past. During the US occupation of Japan (1945-1952) Washington, in defiance of the Potsdam Declaration, did everything it could to turn that country into an advanced bridgehead for "containing communism" in the Far East. In turn, Japanese conservative politicians, proceeding from their class interests, put their faith in US imperialism, regarding it as the only possible guarantor of stabilising and bolstering their rule in Japan.

In an article published at the end of the 1950s, former Premier Yoshida Shigeru, whose name is usually linked with the signing of the first Japanese-US military agreement, wrote that the San Francisco Peace Treaty tied Japan's destiny to the "free world", and it was therefore only natural to conclude a military agreement with the USA, the leader of the "free world".¹

In the autumn of 1982, the Japanese Foreign Ministry declassified some diplomatic documents relating to the period of the US occupation of Japan. According to Japanese observers, the publication of those documents was selective, and several of them, primarily those connected with Soviet-Japanese relations, still remain secret.²

The content of the declassified documents which appeared in Japanese periodicals provides some idea of the activities of Japanese diplomacy during US occupation. Those who studied that period concentrated attention on the fact that the Japanese government was allegedly forced to sign a military agreement with the USA because the American ruling circles made it a *sine qua non* for the signing of a peace treaty with Japan.

The published documents testify that Japanese diplomacy, which actively elaborated the foundations of the postwar settlement from the very

¹ *Sankei Shinbun*, Dec. 11, 1958.

² This article contains passages from declassified documents carried by *Yomiuri*, *Hokkaido shinbun*, and *Mainichi Daily News*.

first days of the occupation, concentrated on the military aspects of the question. It counted on a heightening confrontation between the USA and the USSR, and contributed in no small degree to that process. As it prepared biased recommendations on security problems, the Japanese Foreign Ministry informed US authorities of them, thereby prodding Washington to an early conclusion of a bilateral military agreement.

It can be seen from the abovementioned documents that Dulles' strategy of "containing communism", the fear of growing Soviet prestige on the world scene and the upsurge of the national liberation movement in Asia were the conceptual basis of the first Japanese-US military agreement of 1951.

The conclusion of the San Francisco Peace Treaty and the Japanese-US military agreement cannot be examined in isolation from the exceptionally complicated international situation in the postwar years, characterised by the Western powers' turnabout from allied relations with the USSR to cold war with it.

The Potsdam Declaration of July 26, 1945 formulated the foundations of the allied powers' policies toward defeated Japan. Among other things, they contained a demand to eradicate militarism forever, and remove all obstacles to the rebirth and consolidation of democratic tendencies in Japan. The Declaration stated that the allied occupation troops would be withdrawn from Japan as soon as the tasks of postwar settlement were achieved, and a peaceful and responsible government was established in conformity with the freely expressed will of the people.³

The USSR favoured the unswerving observation of the provisions of the Potsdam Declaration and the early creation of conditions for the conclusion of a peace treaty with Japan. At the Conference of Foreign Ministers of the USSR, USA and Great Britain, held in Moscow in December 1945, it was decided to set up a Far Eastern commission, with the headquarters in Washington, consisting of countries which had engaged in hostilities against Japan. The commission was to determine the political line of the Allies towards Japan after its surrender. It was also decided to set up an allied Council for Japan (with Tokyo as its venue) including representatives of the USA, the USSR, Great Britain and China, which was to be attached to General MacArthur, Supreme Commander of the Occupation Army, for consultations concerning the surrender, occupation and control of Japan. MacArthur, who was extremely conservative, took little heed of those bodies, although the participation of the Soviet representatives in them limited, to a certain degree, the arbitrary actions by the US occupation authorities.

Unlike Germany, which was directly ruled by the Allied powers, in Japan a so-called system of "indirect rule" was established. The USA passed a number of important administrative powers to the Japanese government, which relied on a state apparatus almost untouched by postwar purges.

The first postwar cabinets were headed by Shidehara, Ashida and Yoshida, prominent diplomats who had a reputation among the ruling quarters of imperial Japan as men of Anglo-American orientation. The anti-communist and anti-Soviet outlook of these conservative politicians determined their pro-American position on the postwar structure in Japan and peace settlement. They were most of all afraid of the revolutionary unrest in the country, and of a possible agreement between Allied powers concerning Japan's future development.

The Japanese historian Seisaburo Shinobu noted: "The postwar conservative politicians held that however tough the US occupation might

³ See *Collection of Operating Treaties, Agreements and Conventions Concluded by the USSR with Other States*, Issue XI, Moscow, 1955, pp. 105-106 (in Russian).

be, the USA would always adopt anti-communist positions and would not let Japan slide under the control of communism."⁴ These politicians proved to be reliable partners of the US ruling circles in turning Japan into an American ally in the Far East. It was precisely during occupation that close unofficial ties were established between the elites of the USA and Japan, which were actively involved in preparing the signing of a military agreement between the recent enemies.

It should be pointed out that in the initial postwar period there were different opinions in the USA concerning Japan's future development and the terms of a peace settlement with the defeated country. Most influential politicians and representatives of the business community and of the military believed it necessary to weaken their recent military opponent and potential economic rival. For example, early in 1947, a committee headed by Barton, a top-ranking US State Department official, elaborated a draft peace treaty which envisaged banning Japan from arming itself for 25 years, and placed the Japanese government and the country's economy under Allied control.⁵

After Japan's defeat, the US occupation authorities actually took over all its foreign political ties. Some Foreign Ministry officials were assigned to the "Liaison Bureau" between the occupation forces command and the Japanese government. At the same time—and this is confirmed by the declassified Foreign Ministry materials—the Bureau was involved in preparing the drafts of a peace settlement right after Japan's surrender. In November 1945, a special commission for studying problems linked with the peace treaty was set up at the Foreign Ministry. After surrender, Japanese diplomats believed that the USA and the USSR would be the main participants in the postwar settlement, and that provisions making the remilitarisation of Japan impossible would be included in the peace treaty. That is why a secret report of the commission in May 1946 stated that Japan should wholly comply with its commitments assumed after its surrender, and also do everything it could to overcome hatred and suspicion on the part of the world community. The report also noted that Japan should have to rely on the regional security system established by the Far Eastern Commission and become a totally neutral country in accordance with international law.⁶

However, by mid-1947, the stand of the Japanese politicians and diplomats had already begun to change radically. As Washington's anti-Soviet policy intensified, confidence was growing among the Japanese leaders that, sooner or later, the American authorities would want to find new allies for their struggle against the socialist countries, and Japan would be of value to them in this role.

The change in the US foreign policy towards the USSR, which stood out in bold relief in the so-called Truman Doctrine, was the main reason for the reappraisal of Japan's role in the US Far Eastern strategy.

The American historian F. Dunn noted that in this situation the USA badly needed an ally in the Far East which would be strong enough to provide some support in protecting the region from communism. For this reason, Dunn went on, after only two years following the end of World War II, Japan, the most dangerous opponent of the USA, began to be its main ally in Asia.⁷

The pro-American circles in Tokyo very soon realised the broad opportunities for buttressing their political positions, which were ensured by the USA's heightened anti-Soviet stand. Professor Sakamoto notes

⁴ S. Shinobu, *Postwar History of Japan. 1945-1952*, Tokyo, 1965, pp. 108-109 (in Japanese).

⁵ See F. Dunn, *Peace-Making and the Settlement with Japan*, Princeton, 1963, pp. 57-58.

⁶ See *Mainichi Daily News*, Sept. 29, 1982.

⁷ See *United States and Japan. The American Assembly*, New York, 1966, p. 35.

that the proclamation of the Truman Doctrine in 1947 was welcomed by Japan's conservative forces, and had an exceptionally great influence on Japanese policy and diplomacy.⁸

In June 1947, the Japanese Foreign Ministry prepared a secret document entitled "An Opinion on the Problems of Security". It stated that in connection with the existing international situation, the Japanese government expressed deep concern about the country's future security.⁹ This document already rejected the concept of Japan's permanent neutrality. To try and substantiate their viewpoint, the authors of the report sought to prove the incompatibility of the concept of neutrality with Japan's future participation in the United Nations. In exchange the authors proposed a regional security system in which only a majority of its participants would be members of the Far Eastern Commission. Thus, even then Japanese diplomacy veered towards a separate peace settlement providing for Tokyo's military cooperation with Western powers.

On June 28, 1947, Ashida Hitoshi, the Foreign Minister in Katayama's Cabinet, showed the document to General Whitney, political adviser at the headquarters of the occupation troops, and expressed the Japanese government's interest in the early conclusion of a peace treaty.

The American general had nothing against its content, but stated that extreme caution was needed so that nobody would learn about the document compiled by the Japanese, because this might be used by the countries which were negative towards Japan.¹⁰ American authorities were afraid of a "leak of information" about their separate talks with Japan, while at the same time they officially proposed to convene a conference of the representatives of the Far Eastern Commission to elaborate a peace treaty with Japan.

In the summer of 1947, the Japanese diplomats made ready the new document, which in fact theoretically substantiated Tokyo's future foreign policy. This effort was led by Foreign Minister Ashida, and Nishio Suehiro, General Secretary of the Katayama government. Ashida was in a hurry to polish up the document in order to give it to General Eichelberger, Commander of the US 8th Army stationed in Japan, who was leaving for the United States. Equally afraid that the document might become public, the US side suggested that it be regarded as the personal opinion on a peace settlement of T. Suzuki, Chief of the Central Liaison Bureau between the Japanese government and the occupation authorities.¹¹

The document—later known as the "Ashida Memorandum"—was presented to General Eichelberger on September 13, 1947. It considered different variants of the Japanese-US military agreement. According to the authors of the "Memorandum", the conclusion of a special agreement against aggression by a third power, and the creation of a police force on the ground and in the sea would be the best measure to ensure Japan's security.

In his monograph on Japan's postwar policy, the American scholar Martin Weinstein, basing himself on the published diaries of General Eichelberger and interviews with Suzuki, provides more details about the content of the "Ashida Memorandum". The "Memorandum" stated the Japanese government's intention of obtaining guarantees of "security" from the USA, and envisaged the deployment of US armed forces on the Ryukyus and the Bonin Islands which are adjacent to "mainland" Japan. In case of emergency, Japan would allow the USA to build

⁸ See *Japan Quarterly*, Tokyo, 1972, Vol. 19, No. 3, p. 151.

⁹ See *Mainichi Daily News*, Oct. 14, 1982.

¹⁰ *Yomiuri*, Sept. 20, 1982.

¹¹ See *Mainichi Daily News*, Oct. 14, 1982.

military bases throughout the entire territory of the country.¹² In all probability, this provision mirrored concern by the right-wing socialists in the Katayama coalition cabinet about a possible negative public response to any extension of the deployment of US armed forces on the Japanese Isles, even after the signing of a peace treaty.

Weinstein notes that the authors of that document proceeded from the following premises: 1. Soviet-US contradictions would not be eliminated, at least in the Far East. 2. The US administration should regard the defence of Japan as an important part of its own defence. 3. Undertaking the responsibility for maintaining domestic security, Japan would thus make its contribution to its own defence and, consequently, to the defence of the United States.¹³

After General Eichelberger returned to Japan, Suzuki asked him about Washington's response to the document compiled by the Japanese Foreign Ministry. According to Eichelberger, the United States was not yet ready to sign a separate peace treaty with Germany and Japan, its recent enemies.¹⁴

As of the second half of 1947, the USA began to regard the problem of a peace settlement with Japan as part of the Truman Doctrine. It was precisely in this direction that a group of State Department officials headed by George Kennan acted. It proceeded from the fact that under the prevailing international conditions, the USSR's participation in a peace settlement with Japan was undesirable. Kennan's proposals boiled down to the following: the USA should not rush ahead with a peace treaty, and use the occupation period to enable Japan feel itself politically and economically stable.¹⁵

The top people in the US Defence Department opposed ending the occupation of Japan, referring to the complicated situation in the Far East. The brass hats and some influential American politicians came forth with the idea of creating "peace conditions without a peace treaty", i. e., the prolongation of the occupation regime and the deployment of US armed forces in Japan.

Japanese diplomats knew that there were differences within the US ruling elite about further actions connected with a peace settlement with Japan. Given this situation, they actually initiated specific recommendations directed at an early conclusion of a bilateral military agreement between the two countries. On October 18, 1947, the contractual department of the Foreign Ministry issued a document entitled: "Technical Analysis of the Problems of Japan's Security". It examined different versions of guaranteeing the security to the country. The authors concluded that the signing of a military agreement with the USA, apart from the peace treaty, would be most expedient for Japan. Well aware that this contradicts the Potsdam Declaration, they were afraid that there might be strong Soviet opposition to using Japan as a US military base in the Far East.¹⁶

At the end of 1948, Yoshida Shigeru, the leader of the Liberal Party, who fully controlled the "research" done by the Foreign Ministry into the signing of a military agreement with the USA, again became Prime Minister. In December 1949, the Foreign Ministry compiled a document which analysed the "pros and cons" of a probable military agreement with the USA.

What advantages was Japan to obtain from the signing of a military agreement with the USA? It was claimed that, first, it would give the

¹² See M. Weinstein, *Japan's Postwar Defence Policy, 1947-1968*, New York-London, 1971, pp. 20-42.

¹³ *Ibid.*, p. 27.

¹⁴ *Ibidem.*

¹⁵ F. Dunn, *Peace-Making and the Settlement with Japan*, p. 57.

¹⁶ See *Mainichi Daily News*, Oct. 14, 1982.

Japanese people a clear-cut idea of Japan's future foreign policy, and, second, the stationing of US troops in the country would make it clear that the USA intended to defend Japan and would even contribute to the close relations between the Japanese people and the USA.¹⁷

At the same time the document admitted that there were negative aspects to a military agreement with the USA: first, the stationing of US troops in Japan would be a challenge to the USSR. Second, it would run counter to the ideals of the Constitution [Article 9.—S. V.] and to public opinion which wanted Japan to pursue a neutralist policy. Finally, Japan should pay for the stationing of the American troops.¹⁸

The document did in fact contain an objective analysis of the negative aspects for Japan, including the anti-constitutional character of a future military agreement with the USA. However, the analysis pursued purely practical aims, i. e., bringing to light the difficulties which Japanese politicians and diplomats would have to overcome on the way to a separate peace treaty and the signing of a military agreement with the USA. By the time the abovementioned documents were prepared, the Japanese leaders had already made a decision on the issue. In May 1949, Prime Minister Yoshida told foreign reporters at a Tokyo press conference that Japan hoped that the United States would deploy its armed forces in Japan after the conclusion of a peace treaty.

The negotiations conducted by the Japanese Minister of Finance Hayato Ikeda, a personal envoy of Prime Minister Yoshida, in Washington at the end of April 1950 also provided an idea of the positions taken by the Japanese and the US sides on the Japan's future role in the American military-political strategy in the Far East. Although the official aim of his mission was to learn about the American economic and financial systems, his main objective was in fact to present a personal message from Yoshida to the US administration and find out the position of the American side, primarily of the US brass, on Japan's "security" after a peace settlement.¹⁹

Yoshida's message stated that the Japanese government would like to conclude a peace treaty as soon as possible. However, even after the conclusion of a peace treaty, the stationing of US troops in Japan and other Asian countries would be necessary. The message also contained a request to include in a peace treaty an article concerning the possibility of American troops staying on in Japan after the occupation period expired. Yoshida thought this would help alleviate "contradictions" between the military agreement and the Japanese Constitution.²⁰

The Yoshida message demonstrated anew the extremely active role played by Japanese diplomacy in preparing a military agreement with the USA.

Ikeda presented Yoshida's message to Commerce Minister Joseph Dodge. Dodge expressed his "personal opinion", stating that Washington was even more convinced that there was a threat to Japan's "independence" as a result of the growing tension in relations between the USA and the USSR. He emphasised that in this situation it was quite natural that military or strategic considerations should prevail over diplomatic. Dodge further specified that the USA had nothing against a peace treaty, but Washington would never tone down the existing military positions of Japan and the USA as regards the USSR.²¹

During a meeting between Ikeda and General Eichelberger the General expounded the viewpoint of the military on the issue. He drew Ikeda's

¹⁷ *Ibid.*, Oct. 16, 1982.

¹⁸ *Ibidem.*

¹⁹ *Mainichi Daily News*, Oct. 15, 1982.

²⁰ *Ibidem.*

²¹ *Ibidem.*

attention to the fact that the Pentagon was far more interested in Japan's effective security than in a "formal" peace treaty.

Washington's aim was to finally turn Japan into a military bridgehead against the socialist countries. The Japanese leaders fully supported that policy, although they were afraid that the people would view the presence of US armed forces in Japan as a continuation of the American occupation.

Takao Oshiyama of the *Mainichi Daily News* noted that the two sides were racking their brains over how to justify the presence of US troops in Japan after the conclusion of a peace treaty.²²

The Korean War speeded up the course of events. American aid to the South Korean regime under the cover of the UN changed the political climate in Japan to a certain degree. The Socialist Party of Japan, the biggest opposition party, which at that time was dominated by right-wingers, issued the slogan of furnishing "moral support" to the UN actions in Korea.²³

Taking advantage of developments in Korea and of the fact that the public was confused, the Occupation Commander MacArthur, in a letter to Yoshida of July 8, 1950, demanded that a reserve police corps of 75,000 officers and men be set up, which became the core of the Japanese armed forces, and that the number of the marine police be increased to 8,000.

After the war in Korea started, the US administration felt it necessary to speed up the signing of a peace treaty with Japan because Japan was regarded as a key base for conducting hostilities in Korea. Washington was interested in placing Japanese-American relations on a legal foundation and in creating an impression among the world public that Japan participated in US military strategy in the Far East as an equal partner.

In April 1950, US President Truman appointed John Foster Dulles, a very vocal advocate of his own doctrine of "containing communism", to head the US mission to conclude a peace treaty with Japan. Dulles was extremely active, and in 1950 visited Japan, Britain, Australia, New Zealand and the Philippines.

On September 14, 1950, Truman suggested that the State Department begin preliminary negotiations with Japan on a peace treaty and a military agreement.

On the following day, the US government bulletin carried a statement by Dulles who said that the American concept provided for the stationing of US troops in Japan. The USA had no intention of including any article in a peace treaty which would limit Japan's rearming. At present, the statement went on, there is an article in the Japanese Constitution prohibiting the establishment of an army, but it should not be regarded as overriding what the UN Charter considers to be the inalienable right to self-defence.²⁴

The Dulles statement formulated the USA's basic demands on its military agreement with Japan: first, the right to station armed forces in Japan; second, an appeal for Japan's rearmament; and, third, direct "advice" to the Japanese leaders to revise the anti-war Article of the Constitution.

In turn, Prime Minister Yoshida gave instructions to the Foreign Ministry to elaborate proposals on "ensuring the security" of Japan. Between September 1950 and January 1951 the Foreign Ministry compiled several documents, one of them a draft military agreement with the USA. It stated, among other things, that both sides agreed to the deployment

²² See *Mainichi Daily News*, Oct. 14, 1982.

²³ See *Asahi*, Dec. 28, 1950.

²⁴ See *Mainichi Daily News*, Oct. 1, 1982.

of US troops on the territory of Japan. Their number and how they were to be armed should be determined by a special commission consisting of an equal number of representatives of both sides. The draft envisaged that the military agreement would be operative for ten years.²⁵

Dulles arrived in Japan on January 25, 1951. In his memoirs John Allison who accompanied him, writes that the main problem which interested the USA at the time was security. Before visiting Japan, the American delegation not only had to study the question of stationing US military bases in Japan after the signing of a peace treaty, but also to search out the possibilities of establishing some version of a Pacific Security Pact involving Japan.²⁶

On February 1, 1951, the Japanese side presented Dulles with the "Proposals on Japanese-US Cooperation in Ensuring Mutual Security". The document stated that Japan would agree to the stationing of American troops on its territory for the sake of mutual responsibility, and were the United Nations to recognise an act of aggression against Japan, the USA would immediately take all necessary measures. Japan also suggested the creation of an ad hoc committee to deal with the problems of the deployment and armament of the US troops.²⁷

On the following day, the American side tabled a counterdraft. Nishimura Kumao, then Director of the Foreign Ministry contractual department, wrote later that when he looked at the draft he almost fainted.²⁸

The document contained the following key provisions: Japan requests and the US agrees to station US troops on Japanese territory... All military installations will remain under US control, even after the occupation period expires.²⁹ The document, for the first time, demanded "exceptional jurisdiction" for the US authorities in the areas where American troops were to be stationed.³⁰

What made the Japanese side nervous was not so much the US demands, but the possible response in Japan itself and abroad. The Japanese leaders were afraid that the inclusion of the provision on "special jurisdiction" in the military agreement would remind the Japanese of the period of "inequitable treaties" and create the impression that the occupation of Japan would continue even after the signing of a peace treaty.

Given the situation, the Japanese side suggested that the questions bearing on the status and privileges of US troops be separately included in a so-called administrative agreement which would not be examined by Diet. Dulles had to agree to the request because US authorities were also afraid of the Japanese public negative response and the weakening of support for the conservative forces in Japan.

The declassified documents, as well as other studies, show in a somewhat different light the official version of Japanese and US historiography concerning the course of negotiations between Yoshida and Dulles on the rearmament of Japan. The differences in the interpretation of the course of those negotiations by the documents issued by the Foreign Ministry of Japan and the US State Department bring to light the obviously biased approach of Japanese diplomacy and its attempt to depict Prime Minister Yoshida as the "founder of Japan's peace diplomacy".

For example, a declassified Foreign Ministry's document says that when Dulles asked about the contribution Japan was going to make to the joint defence of the free countries, Yoshida answered that Japan's

²⁵ See *Ibid.*, Oct. 16, 1982.

²⁶ *Ibidem.*

²⁷ *Ibidem.*

²⁸ *Ibidem.*

²⁹ *Ibidem.*

³⁰ *Ibidem.*

aim was to secure sovereignty, and as far as rearmament was concerned, the raising of this problem was premature.³¹

A declassified US State Department document contained a different version of that dialogue: the Prime Minister stated that one should move without haste along the road of rearmament because he foresaw two important obstacles: the fear of the militarisation of Japan, and the need to give priority to the country's economic development. The kernel of the answer given by the Japanese Prime Minister was that he did not want to assume responsibility for that issue in any form.³²

The negotiations between Dulles and Yoshida testified that they achieved complete understanding on the need for the further deployment of US forces in Japan and the turning of Japan into a US military bridge-head in the Far East.

The differences concerning the rates and terms of Japan's armament primarily involved the tactics of the Japanese side, determined by the pacifist sentiment of the people and the peace Article of the Constitution. The two sides were forced to make certain concessions which were reflected in the final draft of the Japanese-US military agreement submitted by the United States to the Japanese side on July 30, 1951. It read in part that the US armed forces stationed in Japan may be utilised after the signing of a peace treaty to preserve world peace and the security of Japan against outside armed aggression.³³ Later, this provision was a target of sharp public criticism, since it presented the permanent danger of involving Japan in military conflicts unleashed by the United States in the Far East.

The inclusion in the new document of a provision that the US armed forces in Japan may, at the request of the Japanese government, render aid in crushing internal rebellion or unrest caused by the instigation or interference by any external force or power was a highly important modification in the positions of the two sides.³⁴

According to the Japanese political observer Okazaki Shigenori, that article was included at the request of the Japanese government, which was afraid of mass workers' unrest, and was in full conformity with the policy of Yoshida, who hated communism.³⁵

One of the declassified Foreign Ministry documents also shows the great alarm of the Japanese diplomats when the Soviet government decided to take part in the San Francisco Conference. It stated, among other things, that the aim of the Soviet Union was to check the militarisation of Japan and step up the propaganda of peace. Top officials of the Japanese Foreign Ministry expressed the hope that the US side would prevent the head of the Soviet delegation from inserting new proposals into a peace treaty with Japan.³⁶

Of the many documents of that period which remained secret, the American commentator Gregory Clark said those of them were "censored" which testified that the Japanese leaders knew of their giving up the South Kuril Islands when they signed the San Francisco peace treaty.³⁷

During his talks with Dulles (January 1951), Yoshida put out feelers concerning the possibility of revising the Yalta agreements which provided for the return to the Soviet Union of the southern part of Sakhalin and all the adjacent islands, as well as the transfer of the Kuril Islands to the Soviet Union.³⁸ It should be pointed out that by that time Japan's

³¹ See *Mainichi Daily News*, Oct. 5, 1982.

³² *Ibidem*.

³³ See *Mainichi Daily News*, Oct. 16, 1982.

³⁴ *Ibidem*.

³⁵ *Ibidem*.

³⁶ *Ibidem*.

³⁷ *Mainichi Daily News*, Nov. 1, 1982.

³⁸ *Hokkaido shimbun*, Sept. 20, 1982.

conservative forces had already elaborated a position of revanchist claims against the USSR to arouse anti-Soviet sentiment in the country. In December 1949, the Foreign Relations Committee of the House of Representatives elaborated an official document which cast doubt on the decisions of the Crimean Conference of 1945 on the Far East. A month later, Prime Minister Yoshida approved the document.³⁹

However, during the Japanese-US negotiations, the American side made it clear to Yoshida that time had not come yet officially to raise the problem of the return of the Kuril Islands. In an analysis of the published documents of the Foreign Ministry, *Hokkaido shimbun* notes that during the first round of negotiations, Dulles approached the problem from the "positions of the Yalta agreement".⁴⁰

The unwillingness of the Japanese Foreign Ministry to declassify all the documents of the occupation period shows that it wanted to conceal the fact that there was no legal basis for Japan's territorial claims against the USSR. The San Francisco Peace Treaty also states that Japan abandons all its rights and claims to the Kuril Islands and to part of the Sakhalin Island and the adjacent islands, sovereignty over which Japan obtained under the Portsmouth Treaty of September 5, 1905.⁴¹

In his analysis of the declassified Foreign Ministry documents, Okazaki Shigenori, political observer, points out that the following aims were pursued during the conclusion of the peace treaty with Japan: first, the use of military bases on Japanese territory; second, the remilitarisation of Japan; and, third, the involvement of Japan in the agreement on collective defence. In Okazaki's opinion, the USA secured all these aims, thereby drawing Japan into the orbit of its global strategy.⁴²

On September 8, 1951, Japan signed a peace treaty with the USA, Britain and other capitalist countries in San Francisco. The Soviet Union refused to sign the treaty. The US-Japanese "security treaty" was signed at the same time; its aim was to make Japan an accomplice of US aggressive policy. The "security treaty" gave the USA the "right" to military bases on Japanese territory, and to station ground, naval and air forces in and near Japan.

On February 28, 1952, Japan and the USA signed an "administrative agreement" providing for the procedure of stationing US troops in Japan and the actions by American military police and judicial authorities on the basis of the "security treaty". In fact, the agreement granted US troops the right of extritoriality.

This is a brief history of the formation of the new aggressive military alliance in the Pacific.

The declassified Japanese Foreign Ministry documents attest to the fact that Japan's conservative circles, proceeding from their class interests, contributed actively to turning Japan into an outpost of imperialism in the Far East. It was during the occupation period that the Japanese-US military-political alliance was formed, which continues to be a serious threat to peace and security in Asia now.

³⁹ See J. Stephan, *The Kuril Islands. Russo-Japanese Frontier in the Pacific*, Oxford, 1974, p. 199.

⁴⁰ *Hokkaido shimbun*, Sept. 20, 1982.

⁴¹ *American Foreign Policy, 1950-1955. Basic Documents*, Washington, 1957, Vol. 1, p. 426.

⁴² See *Mainichi Daily News*, Oct. 17, 1982.

PRC SCIENTISTS DISCUSS STRATEGY OF SOCIOECONOMIC DEVELOPMENT

Moscow FAR EASTERN AFFAIRS in English No 4, Oct-Dec 84 pp 105-114

[Article by V. Ya. Portyakov and S. V. Stepanov]

In the intense economic research conducted in China in recent years increasing prominence is being given to the study of theoretical and practical problems involving the elaboration of a strategy of social and economic development for the country until the turn of the century.

According to Soviet scholars, "the strategy of social development of a socialist country is a complex of interconnected propositions regarding the main directions of social development, its objectives and means of realisation, which form the conceptual foundation of a long-term policy".¹

The problem of choosing and elaborating a strategy of socio-economic development is not new. Although the term "strategy of development" was coined by bourgeois scholars relatively recently,² it is the Soviet Union that can rightly be called the trail-blazer in this respect because from the very outset it has been engaged in social and economic construction with an eye to long-term strategic objectives. Soviet priority is recognised by Chinese scholars. Yu Guangyuan, a prominent social scientist and adviser at the China Academy of Social Sciences, thinks that it was Lenin's Plan for the Electrification of Russia that opened research into the strategy of economic development.³

Bourgeois economic science has devoted much attention to these problems in relation to developing countries. It can be assumed that the acquaintance of Chinese scholars with corresponding works abroad⁴ stimulated their inquiry into the possibility of connecting these works with the problems of a strategy of socio-economic development for China itself.

Even so, the interest of Chinese economic science in these questions is due primarily to serious internal factors: a reappraisal of the results and experience of the previous phase of economic development; the realisation that the twenty years of leftist extremism and voluntarism brought China's economy to a dead-end; the considerable technological

¹ K. I. Mikulski, *Economic Growth under Socialism*, Moscow, 1983, p. 9.

² According to Huang Fangui of the Institute of World Economy and Politics of the China Academy of Social Sciences, the term was coined by the American scholar Hirshman who in 1958 published his work "Strategy of Economic Development"—In *Jingji yanjiu* (Peking), 1982, No. 7, p. 32.

³ Yu Guangyuan, "To Create and Develop the Necessary Science on the Strategy of Socio-economic Development"—*Jingji gangjiu*, 1983, No. 12, p. 35.

⁴ It is noteworthy that in July and August 1981, the Economics Research Institute of the China Academy of Social Sciences organised a seminar on the "economics of development" (a branch of bourgeois economic science) at which American economists made reports—1981 "Jingji lilun dungtai" (Development of Economic Theory in 1981), Peking, 1982, pp. 274-275. See also Su Shaozhi in *Shehui kexue zhanxian* (Changchun), 1982, No. 1, pp. 55-67, and Huang Fangyi in the newspaper *Jingjixue zhoubao* (Peking), March 5, 1984.

and economic gap that still exists between the PRC and the world's developed countries; several very complex socio-economic problems facing the country; the necessity of finding practical ways of "modernising" China, etc.

A scientifically substantiated strategy of socio-economic development was applied only during the first decade of the PRC's existence. The first five-year-plan period (1953-1957), when the PRC was extensively assisted by the USSR and other socialist countries, is today regarded in China as the most successful for economic construction. Subsequent years, hallmarked with rare exceptions by a "hot-headed race after hasty results", was mainly a negative experience of managing the economy. It is recognised in China today that an "exorbitant price" was paid for the "correct understanding" of what modernisation means.⁵

Notwithstanding the substantial quantitative growth of China's economy since the emergence of the PRC, and some positive changes resulting from the 1979 policy of economic "readjustment", the country is not yet past drawbacks, referred to by the 12th CPC Congress such as low economic efficiency, a far from rational economic structure, chaos in operative management of enterprises, and technological backwardness.⁶

China still has a long way to go in solving the mammoth task of overcoming its socio-economic backwardness, compounded by a complicated demographic situation and a lack of specialists. This has created the objective necessity for the PRC to work out strategic directions of economic policy and to put economic management on the whole on a scientific basis.

Besides, the discussion of a strategy of development by the country's academic community was preceded by the 1979-1980 debates on a wide range of problems of the theory and practice of economic construction and thus was "a new development of previous discussions about the purpose of socialist production, the reform ... of the economic mechanism, and a more rational structure of production".⁷

Discussion of problems of "scientific-technological and socio-economic development" in late 1980, sponsored by the Department for Studying the Political Provisions of the State Committee on Science and Technology, touched on the "need for long-term strategic concepts" of economic construction in China up to the end of the century.⁸ The announcement on February 12, 1981 on calling symposiums on the strategy of socio-economic development, distributed by six scientific organisations,⁹ marked the beginning of an ongoing inquiry into problems of China's development at symposiums of Peking economists. By the beginning of 1984 Chinese scholars had held 18 such symposiums.

Gradually, to ensure a comprehensive research, the discussion was joined by an increasing number of scholars in various disciplines. On May 25, 1983, the Centre for Technical and Economic Research of the PRC State Council and the Chinese Scientific and Technical Association held a "mobilising conference", whose 400 participants discussed the theme "China in the year 2000". The conference was addressed by Ma

⁵ *Renmin ribao*, Sept. 1, 1982.

⁶ *Renmin ribao*, Sept. 8, 1982.

⁷ *Shijie jingji daobao*, Shanghai, March 9, 1981.

⁸ *Guangming ribao*, Nov. 3, 1980.

⁹ The Department for Studying the Political Provisions of the State Committee on Science and Technology, The Economics Institute of the China Academy of Social Sciences, The Institute of Scientific and Technical Information of the China Academy of Sciences, the Office of the Special Group of Technical and Economic Research and Modernisation of Management at The State Committee on Science and Technology, The Group of Theory and Methodology (set up in 1979 under the auspices of the Finance and Economics Committee of the State Council, later dissolved)—In *Shijie jingji daobao*, March 9, 1981; *Shehui kexue zhanxian*, 1982, No. 1, p. 67.

Hong, President of the Academy of Social Sciences, who suggested the following guidelines for further research: search for general laws governing China's social, scientific, technical, economic and cultural development at the present stage; study of historic lessons and developed states' experience in modernisation; study of foreign theories and methodology of economic development strategy; exploration of present and future international conditions of economic construction in China; study of the features, level and potentialities of China's science and technology at the turn of the century, as well as the degree of utilisation of scientific and technological achievements in socio-economic development; research into ways and methods of optimising the structure of production, employment, consumption, etc., by the end of the century with emphasis on elucidating the role of labour resources; study of concrete target figures of economic development of the country, its regions and industries for 1985, 1990, 2000, and the elaboration of the technical and economic measures necessary for such development.¹⁰

On October 21-26, 1983, there was a conference in Peking on a comprehensive strategy of scientific-technological and socio-economic development which the Chinese press characterised as "a new starting point for further work in exploring the strategy of development".¹¹ After analysing and evaluating the conference materials, the Centre for Technical and Economic Research is to present to the State Council an integral comprehensive project for a strategy of socio-economic development.¹²

Of course, it would be rash to say that complete clarity has been achieved in this field. Even so, this discussion of socio-economic development strategy, unique for China in scale and intensity, and the active involvement in it of several leading scholars—Ma Hong, Yu Guangyuan, Liu Guoguang, Sun Shangqing, Zhou Shulian and others—resulted in a short time not only in publication of some significant academic works,¹³ but also made it possible to work out a methodology of research on this question, and to offer a number of practical recommendations on the objectives, peculiarities, stages and ways of development, which were reflected in the documents of the 12th CPC Congress and the 4th and 5th Sessions of the National People's Congress of the 6th convocation.

On the theoretical plane, the Chinese scholars put forth strategy related concepts such as "basics" and "guidelines of strategy", the purpose of development and a system of values reflecting it; the choice of ways of development, and its different stages, or "strategic steps", indicating the links between them, "focal points" and main strategic decisions (i. e., mapping out policies in the spheres of technology, investment, energy, foreign relations, employment, development of natural resources, etc.).

Chinese scholars see the structural complexity of a development strategy both as a phenomenon and object of study; nevertheless, unanimous methodological approach to determining this structure has not yet been formulated. Some economists single out several levels involved in a development strategy. The general socio-economic development of a country at a given historical stage is taken as the first level, while the second

¹⁰ *Wenzhai bao*, June 10, 1983.

¹¹ *Jingjixue zhoubao*, Nov. 14, 1983.

¹² *Shijie jingji daobao*, Oct. 31, 1983.

¹³ Noteworthy in this respect are collections of articles and speeches by Yu. Guangyuan, *Strategy of Socio-Economic Development* (*Jingji shehui fazhan zhanlue*, Peking, 1982); Sun Shangqing, *China's Economy in Progress* (*Guanjin zhong di zhongguo jingji*, Shijiazhuang, 1983), Ma Hong's work *On the Question of a New Strategy of Social and Economic Development of Our Country* (*Shilun woguo shehuizhuyi jingji fazhan di xin zhanlue*, Peking, 1982); as well as a work edited by Liu Guoguang, *Study of Strategy Problems of China's Economic Development* (*Zhongguo jingji fazhan zhanlue wenti yanjiu*, Shanghai, 1983), with a review of the latter in *Renmin ribao*, April 20, 1984.

level involves problems of development of different branches of the economy and geographical regions ("the horizontal" aspect) and problems of development of each temporal phase ("the vertical" aspect).¹⁴ Yu Guangyuan suggests that, along with a general strategy, secondary, or "daughter" strategies be singled out for industries, regions and specific questions.¹⁵ In practice they usually differentiate "daughter" strategies relating to development: demography, industry, agriculture, science and technology, geographic regions, natural resources, environmental protection, and foreign economic relations.

In their attempts to formulate a general strategy of socio-economic development Chinese scholars point out that it must have the following characteristics: reflect Chinese reality and not be a carbon copy of other countries' ways of development; contribute to the continuous improvement of the socialist system, highlighting the advantages of socialism; must be oriented towards modernisation, rapid development and progress.¹⁶

Stressing the difference in principle of the PRC's "essentially socialist" strategy of development from that of the capitalist countries, Chinese scholars also indicate the difference from other socialist countries in the "course, stages and levers" of development,¹⁷ declaring that "China's development strategy must be a strategy of socialist modernisation cast in a Chinese mould".¹⁸

The point of departure in this respect is the singularity of the so-called "main characteristics of a country".¹⁹ The most important of them are the following: "creation in the country of the economic structure of socialism", "whose immaturity and imperfection" determine the special role of reforms in assisting the country's progress; China's great size and underdevelopment, ruling out the rapid achievement of high level of development, and demanding a long path of modernisation subdivided into several stages; the "zig-zag way" covered by China over 30 years of socialist construction which allowed to accumulate both positive and negative experience of great value for the future.²⁰ Learning from this experience China has to make a strategic "turn" from the orientation towards high growth rates to meeting people's needs; from emphasis on the "key links" to balanced development; from isolationism to an open policy of foreign trade relations; from primarily extensive to primarily intensive methods of development.²¹

On the whole, China's strategy of development is formulated today as "having Chinese specifics, based on the four main principles, providing for the coordinated development of the economy, society, science and technology, and the balanced coordination of the life of the people, social production and the environment".²²

The formulation of the purpose of the Chinese strategy of development is clearly contradictory. Paying lip service to "satisfying

¹⁴ *Jingjixue zhoubao*, Sept. 12, 1983.

¹⁵ *Jingji yanjiu*, 1983, No. 12, p. 32.

¹⁶ *Shije jingji daobao*, Oct. 31, 1983.

¹⁷ *Renmin ribao*, Aug. 16, 1982.

¹⁸ *Shije jingji daobao*, Oct. 31, 1983.

¹⁹ According to Chinese scholars, "the main characteristics of a country" ("Guoqing") imply "various aspects of a country's situation, closely related to economic development": its social system, demographic situation, environment and natural resources, historic traditions, level of economic and scientific-technological development, historic experience, neighbouring states, and international conditions of its existence. In *Jingjixue zhoubao*, Sept. 12, 1983.

²⁰ *Jingjixue zhoubao*, Sept. 12, 1983.

²¹ *Renmin ribao*, May 11, 1982.

²² *Shije jingji daobao*, Nov. 21, 1983, "The four main principles": adherence to Marxism-Leninism and Mao Zedong's ideas; the socialist road; democratic dictatorship of the people; and Communist Party leadership.

needs of the people and ensuring the allround development of man"²³, Chinese scholars, following the country's leadership, see the main strategic objective really to be the creation of "a modernised socialist power with Chinese specifics"²⁴. The concomitant emphasis on the country's military buildup is being justified by some scholars by "the existence in the modern world of imperialism and hegemonism"²⁵, while others speak of the correlation between the quality of life in a country and its defence capability.²⁶

On the theoretical plane, it is pointed out that the overall purpose is the generalisation of an entire system of objectives, including economic, social, scientific-technological, cultural, etc., each of which is in turn a complex structural entity, embracing secondary aims.²⁷ According to Liu Guoguang,²⁸ one of these aims is the quadrupling of the aggregate gross output in industry and agriculture by the end of this century (from 710,000 million yuan in 1980 to 2,800,000 million in 2000), first announced at the 4th Session of the National People's Congress of the 5th convocation and officially adopted by the 12th CPC Congress. If this is achieved, China "will join the most advanced countries of the world in the level of national income and volume of production in the main branches of industry and agriculture", "the incomes of the urban and rural population will rise two-fold or even more", "despite a still relatively low ... per capita income, the country's economic and defence strength will grow significantly over the current level"²⁹. The choice of a theoretically far from ideal indicator of development like GNP—which has been criticised from different sides by Chinese scholars—is explained by the argument that "at the present stage of development and level of management, it can be understood, accepted and used practically by the cadres and the people".³⁰

According to Yu Guangyuan, China can count on moving from its current 8th place in world GNP to 6th or even 4th by the end of the century.³¹

The task of quadrupling the GNP is supposedly to be tackled in two stages: "during the first decade, it is planned to lay the groundwork, muster forces and prepare the necessary conditions for the economic upsurge to take place in the second decade".³²

Concretely, during the 1980s stage called the "stage of economic readjustment", it is proposed to correct leftist mistakes in economic operations, regulate the balance of economic development and improve the economic structure, achieve a "drastic turn for the better" in the country's financial and economic situation, and complete most of the reform of the economic mechanism.

The "key" 1990s stage will concentrate on the "struggle for relatively high economic growth rates and greater economic efficiency while retaining balanced development".³³

In this connection, many forecasts have appeared in China in recent years regarding the economic indices to be achieved by the end of this century and the growth rates needed to achieve them. It appears that

²³ *Jingjixue zhoubao*, Sept. 26, 1983.

²⁴ *Shijie jingji daobao*, Oct. 31, 1983.

²⁵ *Xinhua wenzhai*, 1984, No. 2, p. 43.

²⁶ Yu Guangyuan, *Strategy of Socio-economic Development*, Peking, 1982, p. 45 (in Chinese).

²⁷ *Shijie jingji daobao*, Oct. 31, 1983.

²⁸ *Xinhua wenzhai*, 1984, No. 2, p. 43.

²⁹ *Renmin ribao*, Sept. 8, 1982.

³⁰ *Jingjixue zhoubao*, Sept. 26, 1983.

³¹ *Shijie jingji daobao*, Sept. 20, 1982.

³² *Renmin ribao*, Sept. 8, 1982.

³³ *Jingjixue zhoubao*, Sept. 26, 1983.

not all of these predictions are based on a sound technical, economic and social analysis. One can detect insufficient linkage between these forecasts, their latent aim being to prove the possibility per se of tackling such colossal tasks. Nonetheless, some of the estimates, given their purely preliminary character, are of interest because they provide a more precise idea of the main directions of development China's economy may take in the long term.

To quadruple its GNP between 1981 and 2000, China will have to ensure an average annual growth rate in industry and agriculture of 7.2 per cent (5 per cent for 1981-1985, about 7 per cent for 1986-1990, and over 8 per cent in 1991-2000).³⁴ With an average annual growth rate of agricultural production reaching 5 per cent in the 1980s and 5.5 per cent in the 1990s, its value in 2000 will amount to 580,000 million yuan (in 1980 prices). Then the average annual industrial growth rate over twenty years must be 7.7 per cent.³⁵ In the estimate of Zhou Shulian, it will be 7.8 per cent on the whole—7.7 per cent in light industry and 7.9 per cent in heavy (during the first decade, 7.9 per cent in light and 5.5 per cent in heavy industry; in the second decade, 7.5 and 10.3 per cent respectively).³⁶

It is realised in China that the increase in overall production cannot be accompanied by a similar growth in the output of the main raw materials items because of several limiting factors, such as ecology, investment, technology, etc. It is planned to only double production of the main fuels and raw materials items by the end of the century, with a simultaneous four per cent annual reduction of their share in the production of manufactured goods.³⁷ At the same time the Chinese envisage a 300 per cent increase in the production of electricity, a 300 to 400 per cent increase in output of the main production of machine industry, and even higher growth in electronics, the petrochemical industry and other new industries.³⁸

The forecasts of a higher level of consumption and the concomitant development of agriculture take into account the leadership's demand to limit the population growth by the end of the century (up to 1,200 million people). According to Du Dagong of the Chinese Futurology Society, in 1990 the daily caloric content will average 2,370 calories per person, and protein consumption will be 68 grams. Cereals will amount to 79 per cent of the diet and animal proteins 10 per cent. By 2000, with the caloric content of the diet reaching 2,400 and the consumption of protein 72 grams, cereals will drop to 55 per cent, and animal protein will rise to 23 per cent. To ensure such a level of food consumption, the following figures of production will be necessary by the year 2000: grain, up to 529 million tons; meat, 31.4 million tons; sugar, 7.2 million tons; vegetable oil, 8 million tons; fish, 8.5 million tons; dairy products, 28.8 million tons; vegetables, 144 million tons; and fruits, 57.6 million tons.³⁹

Chinese scholars are unanimous in stressing the particular need for greater production efficiency, which is "not only the main way of achieving the aim of development, but also an integral part of the aim"⁴⁰. This implies extensive technological modernisation, improvement of management, regulation of the economic structure, etc.

³⁴ *Renmin ribao*, Oct. 28, 1982.

³⁵ *Nongye jingji wenli*, Peking, 1983, No. 3, pp. 18-19.

³⁶ *Shijie jingji daobao*, Nov. 7, 1983.

³⁷ Thus, it is planned in 20 years to cut back energy expenditure for the production of 10,000 yuan worth of goods from 8.18 to 3.71 tons of conventional fuel, and the expenditure of rolled steel from 0.442 to 0.2 tons—*Shijie jingji daobao*, Nov. 7, 1983.

³⁸ *Liaowang*, 1982, No. 9, p. 7.

³⁹ *Jingji xue zhoubao*, April 11, 1983.

⁴⁰ *Ibid.*, Sept. 26, 1983.

On the whole, industrial labour productivity in industry is supposed to rise from 12,031 yuan per person in 1980 to 35,870 yuan in 2000, or an average of 5.6 per cent a year.⁴¹ In agriculture, the average annual labour productivity growth rate is to reach 4.4-4.7 per cent (in the first 30 years of the PRC annual labour productivity growth rate in industry was 5.3 per cent and in agriculture, 1.4 per cent).⁴² The realisation of these forecasts is extremely problematic, because it calls for drastic qualitative changes in economic work, and in the training of the economically active population. Objectively, these changes are bound to be slow.

So far, most attention has been paid to the strategy of development of the country's productive forces. On the whole, the strategy aims at improving the structure of the economy, including the structure of production, the technological structure, the structure of enterprises' size, the regional structure.⁴³ It also aims at modernising existing enterprises and building major new ones in several key and modern industries, with the simultaneous all-out development of labour-intensive industries.⁴⁴

To improve production relations—regarded from the viewpoint of political economy as an element of the strategic objective,⁴⁵—the main task is proclaimed to be "the gradual, allround and systematic reform of the economic mechanism, the creation of a socialist economic mechanism with Chinese specifics".⁴⁶ Chinese scholars proceed from the premise that "major changes in the strategy of development also call for a radical reform of the economic mechanism".⁴⁷

In recent years China has pursued a policy of creating "an economically diverse" property structure, of combining various kinds of planned economic management with the market mechanism, etc. We are not going to examine in detail these questions, already discussed to some extent by Soviet scholars of China,⁴⁸ but we cannot but express doubt as to the necessity of "sinifying" economic decisions. The proposals by some Chinese academics that "advantages of socialism be more fully revealed" by deviations in production relations "from the classical socialism predicted by Karl Marx" are also inconsistent.⁴⁹

The "strategic fulcrum points" in China are declared to be agriculture, energy and transport, science and technology.⁵⁰

Chinese scholars correctly consider the choice of ways of modernising agriculture to be one of the most intricate problems facing the country.

It should be mentioned that China has abandoned the traditional ideas of agricultural modernisation such as mechanisation, electrification, irrigation and chemicalisation.⁵¹ It holds it is taking a more comprehensive approach to the strategy of agricultural development, proposing by the end of the century, first, the creation of a complex "agro-industrial-commercial-transport" economy in the village; second, the introduction of advanced technology and scientific methods of management; and, third the heightened socio-economic and cultural development of the village.⁵²

⁴¹ *Shijie jingji daobao*, Nov. 7, 1983.

⁴² *Jingjixue wenzhai*, 1983, No. 2, p. 41.

⁴³ *Xinhua wenzhai*, 1983, No. 2, p. 44.

⁴⁴ *Jingjixue zhoubao*, Sept. 26, 1983.

⁴⁵ *Guomin jingji guanlixue (Management of the Economy)*, Jinan, 1983, p. 37.

⁴⁶ *Xinhua wenzhai*, 1984, No. 4, p. 47.

⁴⁷ *Ibid.*, p. 46.

⁴⁸ In I. Naumov, "Discussion of Forms of Property in China"—*Far Eastern Affairs*, 1984, No. 1, pp. 53-69.

⁴⁹ Xue Muqiao, "Management of the Economy in Accordance with Objective Economic Laws"—*Jingjixue zhoubao*, March 5, 1984.

⁵⁰ *Renmin ribao*, Sept. 8, 1982.

⁵¹ *Jingji yangjiu*, 1983, No. 1, p. 47.

⁵² *Guangming ribao*, Nov. 13, 1983.

It is planned to develop agriculture primarily through revenues from the agricultural sector itself, relying on "policy and science".

"Policy" in this case implies first of all the extensive introduction of the "family contract", which is to be preserved in the foreseeable future as the main form of organising agricultural production. It is claimed that this does not contradict modernisation of agriculture, and implies emphasis on intensive methods of farming on small acreage as the only practical way of achieving this.⁵³ However, some experts point out that intensification of labour has its limits beyond which it has the reverse effect. It is declared in this connection that today's emphasis on labour intensification not only meets the needs of the present moment, but also paves the way for a gradual shift to capital-intensive production which is indispensable for modern agriculture.⁵⁴ It is hoped that the "dissolution" of the redundant rural labour force will be achieved through development of a multi-business and household economy, as well as capital construction in the village; and through the gradual transfer of the rural population to non-agricultural enterprises in small towns and settlements. It is planned, for example, to turn 50,000 rural settlements into a base for rural industry, trade, services and construction.⁵⁵

Much importance is attached to the use of introduction of science and technology, biotechnology, microelectronics, etc., in agriculture, enabling China, according to some experts, to circumvent the phase of "petroleum agriculture", i. e., mechanisation and industrialisation, and directly move ahead to "post-industrial agriculture".⁵⁶

Proposals for an industrial development strategy are most diverse. Some propose that the strategy be determined by long-term prospects of developing and saving energy resources. Others think that the emphasis should be on the development of the most "viable" industries which have the widest domestic and foreign markets, and meet the demands of economising energy resources and raw materials.⁵⁷

A comprehensive approach to the problem is advocated by Zhou Shulian, a leading Chinese expert on industrial economics. In his opinion, "the main characteristics of socialist modernisation of a Chinese type" are as follows: an even greater share of industry based on collective property with the state sector playing the leading role; full use of socialist commodity production and the law of value regulated by a planned economy; priority development of heavy industry with an important role of light industry; relatively great development of traditional industries and accelerated development of new industries; a gradual change to intensive extended reproduction after a long period of extensive reproduction; in locating industry, a gradual transfer of the centre of gravity from the maritime regions to inland areas, with full use of the former; greater role of the rural market for sale of industrial production; intensive involvement in foreign markets; high mobility of enterprises, which, as a rule, must be fully self-supporting and responsible for their profits and losses; a relatively high degree of economic efficiency and relatively high rates of production growth.⁵⁸

Recognising the need for a long period of "coexistence" of large, middle-sized and many small enterprises, Chinese scholars admit a "certain blindness when small enterprises were encouraged in the 1970s", and call for "strengthening the leading role of big enterprises".⁵⁹

⁵³ *Renmin ribao*, March 7, 1983.

⁵⁴ *Nongye jingji wenti*, 1983, No. 3, p. 23.

⁵⁵ *Guangming ribao*, Nov. 13, 1983.

⁵⁶ *Jingji ribao*, Dec. 29, 1983.

⁵⁷ *Shijie jingji daobao*, Nov. 21, 1983.

⁵⁸ *Guangming ribao*, Nov. 13, 1983.

⁵⁹ *Xinhua wenzhai*, 1984, No. 2, p. 45.

China attaches special importance to the more effective use of science and technology in production. Available figures indicate that for 30 years technological progress accounted for less than 20 per cent of the growth in industrial production, whereas in the leading industrial countries in the 1970s, the corresponding figure was 60-80 per cent.⁶⁰ During the coming 20 years Chinese science will aim at mastering and using scientific expertise.

On the whole, by the end of the century it is planned to widely use the technology which the developed countries used in the late 1970s and early 1980s. Only the most important enterprises and industries will be using the newest technology. In this regard, the structure of the Chinese economy will for a long time to come remain "multi-layered". Along with automated, semi-automated and mechanised production, there will be non-mechanised and handicrafts production; modern technology will coexist with labour-intensive technology.⁶¹

At the same time China feels it possible to shorten the lag behind the developed countries through the timely use of the newest scientific and technical achievements of the currently unfolding "fourth industrial revolution"⁶². In our opinion, the desire "to fully use the favourable conditions of the epoch, to 'skip' certain phases of traditional industrial development"⁶³, although quite understandable, conceals the handicap of "going too far", because it compels China right now to master "knowledge-intensive" production for which the country is not yet prepared in terms of personnel, finances and technology. China hopes to solve this problem by using western technology and resources.

In China, the achievement of strategic aims is connected with the active use of foreign technology and resources. At the same time, it is being said that the strategy of development of foreign trade is aimed at raising China's ability to be "independent and practice self-reliance".⁶⁴ With this aim in view, according to Zhang Peiji, director of the Research Institute of Foreign Trade of the Ministry of External Economic and Foreign Trade Relations, China should continue its "import-replacing" strategy, supplementing it with the production of a number of items mainly for export, and encouraging exports in general.⁶⁵

The general indicator in this respect is going to be the increased proportion of exports in the country's GNP, and China's share of world exports (in the early 1980s the figures were 4.5 and less than 1 per cent respectively). With this aim in mind, it is planned to fully use China's wealth of natural resources, labour force and medium level technology. In the future, the prospect will be to shift priority in the export structure from local specific production and labour-intensive primary materials to the technology-intensive production of machine-building and electroengineering. Given the fierce competition in the world market, special attention is being paid to making the whole mechanism of external economic ties more flexible so as to ensure a quick response by the export structure to changes in the world marketing situation.⁶⁶

Chinese scientists view the strategy of economic development not only as a technico-economic but also as a socio-economic problem, stressing the special importance for the country of "correctly solving the problems of population growth control, employment, and development of intellectual resources".⁶⁷

⁶⁰ *Jingji ribao*, Sept. 12, 1983.

⁶¹ *Hongqi*, 1984, No. 6, p. 3.

⁶² *Shijie jingji daobao*, Oct. 31, 1983.

⁶³ *Hongqi*, 1984, No 6, p. 3.

⁶⁴ *Shijie jingji daobao*, Nov. 21, 1983.

⁶⁵ *Guoji maoji*, Peking, 1984, No. 1, p. 19.

⁶⁶ *Jingjixue zhoubao*, Jan. 4, 1982, Nov. 7, 1983.

⁶⁷ *Renmin ribao*, April 20, 1984; *Xinhua wenzhai*, 1984, No. 2, p. 45.

It is assumed in the PRC that a "radical transformation" in the demographic situation will take 70 years. Proposals are being made for the elaboration of short-term (to the end of the century), mid-term (for 25 years) and long-term (over 50 years) plans of demographic development, including forecasts of population control (with stabilisation in the long run), and of improving and regulating the population structure.⁶⁸

In the opinion of Liu Guoguang, to raise labour productivity, China has to abandon goals of full employment for "a rational degree of employment". This implies a greater rotation of labour, the wider use of the system of labour contracts and labour reserves.⁶⁹

Because of the country's great population, one of the most topical problems, according to Chinese academics, is "guiding people's consumption". It is necessary, in particular, to combine the gradual rise in living standards with encouragement of "diligence and thriftiness".⁷⁰ By the end of the century it is envisaged to bring the people to the level of "well-being" ("xiaokang"). Chinese scientists spell out this concept as follows: satisfaction of rational physiological nutritional needs; provision of clothing for all seasons; provision of housing at the level of 8 sq. m. per city dweller and slightly more in the village; timely health care and further extension of the average life span; noticeable rise in the level of culture, education, science and technology; a considerable improvement of the environment, and an improvement of network of services and public facilities in the city (running water, electricity, post service, public transport, communications); conditions for the purchase of durable goods and for recreation; strengthening of communist ideology and morals.⁷¹

We have touched briefly on the main aspects in the approach by Chinese scholars to the elaboration of strategy of socio-economic development. Discussion on this problem in the PRC's academic community continues, and new questions always crop up: strategy for protection of the environment, development of individual regions and provinces, development of natural resources, etc.

Views and opinions voiced in the discussion are not of one hue. Along with new and scientifically fruitful proposals, like that of Yu Guangyuan on singling out an independent scientific discipline of "strategy of socio-economic development", much prominence is given to what we might tentatively call the artificial absolutisation of China's national features.

The emerging concept of a strategy of development has its contradictions, so more precise definitions of its concrete elements and possible corrections of some theoretical premises, will undoubtedly have to be made at future dates.

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S. STEPANOV

⁶⁸ *Shijie jingji daobao*, Nov. 21, 1983.

⁶⁹ *Xinhua wenzhai*, 1984, No. 2, p. 46.

⁷⁰ *Shijie jingji daobao*, Oct. 31, 1983.

⁷¹ *Guangdong renjia*, 1983, No. 1, p. 39.

CHINESE PRESS ON SOME ASPECTS OF PRC ECONOMICS

Moscow PROBLEMY DAL'NEGO VOSTOKA in Russian No 3, Jul-Sep 84 (signed to press 29 Aug 84) pp 155-158

[Article by B. K. Chizhov]

[Text] The future development of the PRC national economy, reforms in various sectors and the line of regulating and adjusting the economy have been discussed in many articles in the Chinese press in recent years. Many of the statements which seemed irrefutable to Chinese economists 12-15 years ago are now being reconsidered.

The organ of the CCP Central Committee, HONGQI magazine, always contains discussions of economic theory. For example, the basic guiding principles of the economic structural reform were examined in an article by Zhou Taihe (1983, No 15). The economic system in the PRC is known to have taken shape gradually, the author writes, from the 1950's on. During the first years of the PRC's existence, financial and material resources were concentrated in priority construction projects. The further development of the Chinese economy, which had traveled a hard and winding road for 30 years, unquestionably required specific steps to eliminate existing disparities and to improve the life of the Chinese people. This was the motive for the reorganization of the PRC economic structure.

In the First Five-Year Plan, measures were taken to promote stable economic development and improve the life of the population, but mistakes were later committed in connection with the erroneous policy of trying to achieve too much too soon (in the article this is described as "ultra-leftist ideological influence in the economic system"). The mistakes led, HONGQI acknowledges, to the excessive centralization of government, to the separation of industries and regions and to the serious underestimation of the law of value and the principle of distribution according to labor.

This inhibited the activity of enterprises and the initiative of laborers and prevented the balanced development of the national economy. Another significant factor was the tenacity of Chinese traditions connected with the natural economy, which impeded the development of productive forces.

The author of this article tries to list the distinctive features of the "new economic system." According to the author, the most important are the

following: The development of various forms and methods of economic management are permitted in the presence of a state sector playing the leading role; market regulation is used only as an auxiliary means in the management of the economy according to plan; economic methods are acknowledged to be more important than administrative methods, and they will be introduced gradually; ideological training should be combined with financial incentives.

One of the main aspects of the "new economic system" in the country is the reform of economic management. This subject has been discussed at length in the Chinese press. For example, Jing Ping, whose economic articles appear frequently in the Chinese press, said in a HONGQI article entitled "Outdated Methods of Economic Management Must Be Reorganized" (1983, No 4) that the reform of management begun in agriculture is gradually moving into the urban economy. More and more enterprises in cities are transferring to the so-called contract system of accountability. Jing Ping, just as many other Chinese economists, believes that this system successfully coordinates the interests of the state, the group and the individual laborer. The article says that the new system has contributed to a definite rise in labor productivity, increased interest in the results of labor and eliminated excessive centralization in economic management. The reform of management, according to Jing Ping, is reinforcing the principle of distribution according to labor and helping to surmount egalitarianism.

The more extensive use of the contract in China effectively stimulated the reorganization of the system of production control, finances, supplies and so forth.

The author says that one of the advantages of the contract system is its universal nature. In his opinion, this system is so flexible that it has been recommended for use throughout the country in various forms, depending on regional and sectorial peculiarities, because it meets the present requirements for the development of national productive forces.

Contract forms of management are now being used at public and collectively owned enterprises in agriculture, industry, trade, transportation and construction--in short, in all links of the national economy. The process of its incorporation, however, has entailed the resolution of complex problems, according to the PRC press. In some cases, for example, the extension of this system to such branches as industrial enterprises necessitates an experimental stage, which is due, in particular, to the low technical level of production at many enterprises, the insufficient preparation of personnel for work under the new conditions of management and so forth. The implementation of this reform, in Jing Ping's opinion, requires a creative approach, and it must be carried out gradually, with experiments and practical tests.

Questions connected with the intention to gradually establish what has been called a "new system of commercial exchange" in the PRC are still the subject of lively debates in the press.

A magazine on finance and economics, CAIJING KEXIUE, printed an article by Liu Benqing, "The Reform of the Trade System Meets the Requirements of the

New Conditions in Rural Areas" (1983, No 2), in which he explains the changes in domestic trade in recent years and stresses the need for these changes. The essential purpose of the reform is to eradicate the old structure in which trade was conducted through only one channel--the state trade network.

Articles in the Chinese press report that state trade will retain the leading role but other forms of trade, cooperative and individual, will be permitted, and that the purpose of the reform is to put the country on the "road to developed socialist trade with specifically Chinese features." An article in HONGQI (1983, No 8) appeals for efforts to completely eliminate "ultra-leftist errors" from the sphere of trade and to promote further "regulation" and the expansion of purchases and sales. The PRC press attaches great significance to the "reorganization of state trade, which should function more flexibly and actively in order to neutralize the 'negative role of spontaneous market forces.'" The trade reform has stimulated market activity to some extent and improved the public supply of goods, but the aforementioned articles on the trade reform in the PRC press clearly indicate that many problems still exist and are inhibiting its effective implementation: The so-called system of accountability is not being incorporated adequately in trade; laborers have not been active enough in implementing various aspects of the reform in the trade network; the possibility that private market forces will escape control is arousing apprehension. Articles in HONGQI point out the need for the absolute control of the development of collective and individual forms of trade and stress that the state network should remain the main form of trade (it now accounts for up to 70 percent of all wholesale transactions).

The PRC press has also had much to say about new processes in Chinese rural areas. In a JINGJI YANJIU (1983, No 11) article entitled "The New Trend in the Development of Cooperative Farms in Our Country's Rural Areas," Lu Wen stresses that significant changes took place in Chinese rural areas after the Third Plenum of the 11th CCP Central Committee: A system of "production accountability" was introduced, and production relations and the administrative system are being regulated. At present, the magazine reports, various forms of the collective contracting system are being used by 98 percent of all previous production agricultural brigades, and 95 percent of them are working on farmyard contracts.

Therefore, the author writes, the "three-level" system in PRC agriculture (production brigade--large production brigade--commune) is gradually giving way to cooperative farms with various combinations of work contracts. The Chinese press maintains that the changes that have taken place in rural areas are a dictate of the times, meet the interests of peasants and the requirements of agricultural production and have benefited from inheriting the positive results of the earlier system of cooperation.

Agriculture in the PRC has retained the following features of the cooperative system:

The main means of production (land, irrigation equipment, etc.) are still collectively owned and are used by peasants jointly or are transferred by contract to small peasant groups and individual farmyards;

Farms operate in accordance with a single production plan. Individual peasant farmyards working on contracts are connected by these contracts to the plan for the production and distribution of products and, through it, to the state plan;

Contracted links organize production with a view to the specific conditions on their farms and the needs of peasants. There is a single set of standards for contracts, mechanized plowing is carried out collectively, the work of combating plant diseases and pests and the sale of agricultural products are centralized, etc.

The portion of the product remaining after the payment of taxes, the fulfillment of state sale commitments and payments into the social fund is put at the disposal of the peasant and he has the right to sell it on the market.

According to Lu Wen, although the individual or farmyard contract has certain features in common with individual private farming, it also differs from it substantially. The farmyard accepts a contract on terms stipulated by the collective, has obligations to the state and the collective and makes independent planning and operational decisions only within specific limits, under the conditions of the absolute supremacy of the socialist farm. It fits into the structure of the economy. The new system mobilizes the manpower of peasant families, the labor and time of peasants are used completely, their initiative and capabilities are displayed, the land is cultivated more thoroughly, peasant resources are used more efficiently in the development of production and production is coordinated more closely with life. In other words, the new system plays a definite role in the development of agricultural production.

But the individual or farmyard contract has its advantages and its disadvantages. Above all, the latter include the limited nature of labor, material and financial resources, and the impossibility of conducting capital construction in agriculture on a large scale or combating natural disasters collectively. Besides this, the level of production collectivization is low in rural areas, and conflicts between private production and public needs have been difficult to resolve.

The Chinese press is unanimous in the opinion that the broad peasant masses will insist on the perpetuation of the contract system after its incorporation. The main current objective in rural areas is the improvement of the contract system.

An article by Mao Tianqi, "Assessments of Sun Yefang's Economic Theory," was printed in BEIJING REVIEW (2 January 1984), a Beijing weekly. The article, as the journal editor explained, was printed in connection with requests from readers and summarized some of the results of debates by PRC economists over the theory of the famous Chinese economist Sun Yefang, who died in 1983. The Economics Institute of the Chinese Academy of Sciences and the editors of JINGJI YANJIU held a symposium for the discussion of the economic theory in the scientist's native city of Wuxi from 16 to 23 September 1983. Reports were presented by 83 speakers. Sun Yefang's contribution to science was commended highly.

Just a little over 20 years ago, the article says, Sun Yefang pointedly criticized the practice of trying to do too much too soon and the low effectiveness of economic construction in China. The failure to take profit and loss figures into account for a long time in the PRC was a grave error, the scientist said.

Sun Yefang was convinced that economic work in the socialist society should be performed according to plan for the production of the maximum quantity of goods needed by society with minimum expenditures of social labor. This has now become the fundamental guiding principle of economic construction in China, and this was stated at the 12th Congress of the Chinese Communist Party (in September 1982): "All economic work should be concentrated on the achievement of the best economic results."

As speakers noted at the symposium, Sun Yefang proposed the reorganization of the entire planning system in the PRC and said that the law of value should be given the closest consideration during the compilation of economic plans. He also pointed out the need for more thorough statistics, as a solid foundation for planning.

One of the premises of Sun Yefang's theory has been debated widely--his views on interrelations between the state and enterprises and his belief that enterprises should be granted more extensive powers and greater independence in administrative matters. Relations between the state and enterprises within the socialist system of public ownership were called the central problem in the reorganization of the entire economic system at the symposium.

For many years, people responsible for economic theory and practice in the PRC believed that production could be separated from demand. There is no question that this did not contribute to the development of production. These views are now being criticized, and this was also reflected in statements at the symposium.

The article says that Sun Yefang's theory provided the analytical foundation for the strategy of Chinese economic development.

In recent years, reform and reorganization in various sectors of the PRC national economy, as the Chinese press has pointed out several times, have required considerable organizational effort and explanatory work. In an article entitled "Surmounting Inertia and Conservatism--An Essential Condition for Reform," a RENMIN RIBAO (20 February 1984) correspondent wrote that the reorganization of the economic system in China in recent years had led to definite successes. There are people, however, who have expressed dissatisfaction with the economic reform in various ways. This, in the newspaper's opinion, stems from the fear of change, all sorts of apprehensions and the tenacity of old work habits. It says that the people who "do not approve of the economic reform have become an obstacle in its way" and that "it will be necessary to fight against these incorrect opinions," "intensify politico-ideological work and economic education and mobilize all forces for the energetic implementation of the economic reform."

Many people in China have written about the problem of enhancing economic effectiveness. An editorial in RENMIN RIBAO (24 February 1984), "Making Every Effort To Establish New Conditions for the Enhancement of Economic Effectiveness," analyzes the successes achieved during the implementation of the policy line announced at the 12th CCP Congress in 1982 for the enhancement of economic effectiveness. It reports that budget revenues in 1983 exceeded projected figures and were 11.8 percent higher than the figure for the previous year, that the product of state industrial enterprises had increased by 8.9 percent and that the level of economic effectiveness is now becoming "the most important indicator of sectorial and enterprise performance." The editorial says that although increasing numbers of enterprise workers and employees are beginning to realize the significance of economic effectiveness, some are still supporting this policy line only as a matter of form. Many have declared that "the burden of enterprises is heavy enough, and it will be difficult to enhance economic effectiveness." This would be tantamount, in their metaphorical description, to "expecting a stallion to gallop before he has been fed." Others blame this failure on objective circumstances and on limited capacities. They expect, the newspaper remarks, to do some more "time-serving behind the state's back."

The need to enhance economic effectiveness is so serious that it was the main topic of discussion at the all-China conference on economic work in Beijing from 10 to 23 February this year. The proceedings of the conference, convened by the PRC State Council, were reported in RENMIN RIBAO (24 February 1984).

During the last year, measures to enhance economic effectiveness led to definite progress. The national economy developed successfully: The gross product of industry and agriculture and the output of the main types of commodities reached the indicators stipulated for 1985 in the Sixth Five-Year Plan 2 years ahead of schedule.

Viewing the situation on the economic front as a favorable one, conference speakers called for the establishment of new conditions for the enhancement of economic effectiveness in 1984.

The leaders of the CCP and State Council attached great importance to the conference from the very beginning.

It was ascertained that considerable work had been performed in various sectors and at enterprises since the end of 1981, when the State Council proposed that the enhancement of economic effectiveness be the principal aim of all economic work. Whereas in 1982 emphasis was placed on the sale of products (gluts in the market were slowing down the development of production), in 1983 attention was focused on the reduction of losses and the growth of income.

In spite of the progress in this area, there are still considerable hidden reserves, conference speakers noted, and it will take serious effort to attain these objectives. The following objectives were listed: the improvement of product quality, an increase in the quantity of products, the reduction of expenditures, the conservation of resources and the augmentation of tax revenues and profits.

Conference speakers unanimously concluded that heightened economic effectiveness should be the aim of all economic work. They announced that the struggle to enhance economic effectiveness should be regarded as a major ideological and political duty.

The Chinese press still attaches great significance to the questions raised at this economic forum.

The economic reform was also discussed in statements at the second session of the Sixth NPC [National People's Congress] in Beijing in the second half of May this year. In his report, Premier Zhao Ziyang of the PRC State Council spoke in detail about plans for the further implementation of the economic reform in various spheres of the national economy. In particular, they envisage the stabilization and improvement of various forms of contract commitments for peasant farms, the more active development of specialized farms, the further improvement of the agricultural structure and the offer of support to peasants in the maximal expansion of commercial production. The reform will be stepped up in cities, beginning with the elimination of the tendency to view all enterprises as equal entities, etc.

The objectives set at the NPC session, the means and methods of their attainment and the difficulties which will have to be surmounted in connection with the further implementation of the economic reform have received extensive coverage in Chinese newspapers and journals.

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NEW FEATURES OF PRC FISCAL POLICY

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[Article by I. B. Shevel', candidate of economic sciences]

[Text] Throughout the PRC's existence, taxes and state revenues in the form of taxes have represented one of the main channels for the mobilization of funds into the state budget--the most important instrument of the redistribution of national income. Other channels are the non-tax payments of state enterprises, state credit, insurance operations and other payments.

Taxes represent legally secured and compulsory payments of part of the accumulations and income of enterprises, organizations and individual citizens into a centralized fund in specific amounts and on strictly specified dates. These features--that is, the compulsory nature, amounts and dates of the payments, stipulated by the state--distinguish tax payments from other means of mobilizing state budget income. The more than 30 years of the PRC's existence testify that the fiscal form of collecting monetary accumulations in the national economy has secured the relative stability of state budget income, and this has been of great importance in the timely financing of statewide undertakings and the accomplishment of expanded reproduction.

Taxes in the PRC are not only an important source of state budget revenues but are also designed to regulate the income of various classes and promote stronger cost accounting at state enterprises. Under the conditions of a multistructured economy the state establishes different tax rates and methods of collecting taxes from collectivized and non-collectivized economic units. Besides this, the production of certain commodities can be stimulated or deterred with the aid of differing tax rates.

The nature of tax payments differs in various socioeconomic structures. In the private capitalist structure in the 1950's, taxes were one way of utilizing, limiting and transforming this structure; in the state-capitalist structure they were a means of appropriating part of the income of capitalist elements and accomplishing participation by the national bourgeoisie in national economic development. At present the taxes collected from state-capitalist enterprises set up with foreign capital or a mixture of Chinese and foreign capital are a means of adding part of the income of these

enterprises to the statewide fund. Taxes collected from the small-scale economic units of non-cooperativized peasants and craftsmen in the 1950's and from small-scale individual units at the present time are a means of regulating the accumulations of this structure with a view to the restriction of its tendency to develop along capitalist lines and a means of accomplishing participation by small producers in statewide expenditures.

Taxes collected from handicrafts, supply and sales and agricultural production cooperatives and from people's communes (or production brigades) serve as an instrument of state supervision and control over the activities of collectively owned organizations and farms and a means of accomplishing participation by these farms and organizations in statewide economic construction and other statewide undertakings; state revenues from this sector of the economy are distinguished by the fact that part of the income owned by individual collectives is deposited in a centralized fund.

Therefore, the payments described above, entering the state budget in tax form, signify the state's irrevocable appropriation of part of the income created in other socioeconomic sectors. In other words, they change the ownership of the transferred portion of income. As for taxes collected from PRC state enterprises, these payments are essentially not taxes but are merely one method of adding part of the net income of state enterprises to the statewide fund. This must be borne in mind during the analysis of taxes and fiscal policy in the PRC.

The tax system which existed in industry and trade until 1958 took the multi-structural nature of the national economy into account and met the need for the priority development of the state sector and the collectivization of non-collectivized economic units. The conversion of private capitalist enterprises into mixed enterprises in each sector and the more rapid development of the state sector necessitated changes in the previous system of taxation. According to Chinese economists, the main drawbacks of the previous system were the excessive variety of payments, rates and methods of taxation and the absence of standard prices for the calculation of taxable income.¹

The tax system in industry and trade was simplified as a result of the economic changes of 1958 by combining the commodity tax, turnover tax, commercial tax and stamp tax in a single trade-industrial tax. A new statute on the agricultural tax was published at that same time, in 1958, instituting a single proportional system for the collection of taxes from all taxpayers earning an income from agriculture.

In January 1973 another step was taken to simplify the taxation of industrial and trade enterprises. Several taxes were combined and the objects, rates and methods of taxation were standardized with essentially no change in the previous level of taxation. The previous standard trade-industrial tax and related surcharges, the tax on construction and real estate in cities, the tax on transport vehicles and the tax on slaughtered livestock were combined in a trade and industrial tax (a new one). State enterprises began to pay only one tax--trade and industrial (or salt).²

The basic principles of the taxation of industry and trade, instituted in 1973, remained in effect until 1983. As for agriculture, taxation in this sector was based on the principles of the 1958 statute on the agricultural tax. During the interval since the passage of these laws, several specific changes had been made in their enforcement. In general, the fiscal reorganizations reflected stages in the country's economic development; each reorganization brought taxation in line with the current economic situation.

A further development of the tax system, resulting from changes in the conditions and requirements of economic development, took place in the late 1970's. In December 1978 the Third Plenum of the 11th CCP Central Committee announced that the party and state would concentrate to the maximum on the "four modernizations," after which new events took place in the country's economic development and a qualitatively different economic situation took shape. All of this was recorded in decrees adopted by party and state organs on economic construction, including fiscal policy. Of course, some of the changes in certain taxes were corrective in nature and did not modify the essential features of payments. For example, there was a slight decrease in commercial grain shipments for the agricultural tax, affecting mainly the poorest peasants, and some partial changes were made in the rules for the collection of customs duties.

More significant changes were made in the taxation of the industrial and other enterprises of people's communes and brigades, representing a form of collective ownership. The "Rules on Some Aspects of the Development of the Enterprises of Rural People's Communes and Production Brigades," published by the State Council in July 1979, said that these enterprises should be developed more fully. They were viewed as an integral part of agricultural production and a means of strengthening collective ownership on the commune and brigade level and of securing employment in rural areas, the fuller use of local resources and the diversification of the rural economy; all of this was supposed to promote the growth of collective income and raise the peasants' standard of living. According to plans, the proportion accounted for by income received from these enterprises in the total income of rural communes on the national level was supposed to rise from 29.7 percent in 1978 to 50 percent in 1985, and long-range plans for the development of these enterprises were supposed to be drawn up.³

On this basis, the main feature of fiscal policy with regard to these enterprises was declared to be the reduction or total cancellation of taxes. Enterprises directly serving agricultural production and promoting a rise in the peasants' standard of living could be exempt from the payment of trade and industrial and income taxes for a specific period of time with the approval of local provincial organs. For example, small iron ore and coal mines, power stations and cement plants could be exempt for 3 years after their founding, and certain other enterprises experiencing difficulties in the payment of taxes during the initial stage of their existence could be exempt for 2 or 3 years.

The enterprises of communes and brigades located in border regions and regions inhabited by ethnic minorities were exempted from the payment of income taxes

for 5 years after 1979. Several privileges were granted to enterprises experiencing economic difficulties in old revolutionary bases and in regions stricken by natural disasters.⁴

In 1979 and 1980 the collection of income taxes from cooperative stores and individual farms, which had previously been governed by the 1963 rules, was facilitated in accordance with the new economic policy. The 8-level progressive tax schedule used for the taxation of collectively owned cottage industry units was extended to cooperative stores in cities, villages and rural areas. As for individual farms, the 14-level progressive (and higher) schedule previously used in their taxation was replaced with new regulations to correspond to the 8-level schedule used in cottage industry.⁵

The measures to simplify taxation, however, were not developed any further. After the working conference of the CCP Central Committee (December 1980) stressed the need for centralized principles of economic construction and the subsequent working conference on taxation in the PRC Ministry of Finance (January 1981) discussed the centralization of revenues under the conditions of an acute budget deficit, the practice of extending tax exemption periods was curtailed and the need to eliminate loopholes leading to tax evasion was announced. It was stressed that members of communes who sell their products in the market, craftsmen, haulers and petty merchants would all have to pay taxes, and at rates commensurate with their income.⁶

State Council decrees on the taxation of the enterprises of communes and brigades of January 1981 restricted tax exemptions. For enterprises producing some commodities (cotton thread, sugar, cigarettes, wine and others), the exemption period was reduced from 2 or 3 years to 1 year in order to prevent them from being established everywhere. The exemption of local enterprises producing commodities purchased by the state was prohibited. The exemption of agricultural enterprises is to cease completely in January 1986.⁷

In general, fiscal policy with regard to the enterprises of communes and brigades seems to have been inconsistent and contradictory. On the one hand, a reduction in the rate of taxation was announced in line with the efforts to augment the economic independence of enterprises and locations; on the other hand, attempts to implement these measures diminished the authority of the central government and exacerbated the already negative state of government finances, which necessitated moves in the opposite direction.

Taxation practices on the local level actually differed considerably from official fiscal policy. Provincial authorities often ignored the instructions of the central government and levied excessive taxes on enterprises, and these were state-owned as well as individually and collectively owned enterprises. There were many reports in the press about the taxes created by local agencies, which introduced confusion into the fiscal system. Tax evasion and abuses connected with the collection of taxes took on broad scales. A special circular on the matter spoke of the need to centralize taxation and to strictly define the powers of local government.⁸

The most significant changes in the tax system of a fundamental nature were made in two areas: securing the participation of the state-capitalist

structure in the formation of state budget income and regulating relations between state enterprises and the budget within the framework of economic reorganization efforts. These two tendencies, analyzed below, were uneven and variable in their nature.

The Chinese leadership's efforts to attract foreign capital into the PRC economy necessitated the development of tax legislation for the regulation of the distribution of funds between enterprises and citizens on one side and the state on the other. This was the purpose of the laws passed by the Chinese Government on the collection of income tax from mixed enterprises founded with Chinese and foreign capital (September 1980), from foreign enterprises (December 1981) and from individuals (September 1980) and the subsequent development of these laws. These measures by the Chinese Government are of indisputable interest.

In September 1980 a law was passed on the collection of income taxes from mixed enterprises founded with Chinese and foreign capital to regulate the distribution of income between these enterprises and the state budget. According to the law, taxes are levied on the income from the production and non-production activities of these enterprises within the PRC. The object of taxation is the net annual income of enterprises (that is, after the deduction of overhead costs, expenditures and losses). The rate of taxation is 30 percent, and there is a local tax in the amount of 10 percent of the main tax. A special rate is set for enterprises in the extraction of oil, natural gas and other natural resources.

When foreign shareholders transfer their share of income abroad, they pay an income tax in the amount of 10 percent of the transferred sum. These terms are more beneficial for foreign shareholders than terms in other countries. In many developing countries the tax on enterprise income can reach 40-45 percent and the tax on profits transferred abroad by foreign shareholders is usually 15-30 percent.⁹

According to the 1980 law, mixed enterprises founded for a period of at least 10 years are exempt from taxes during the first year of profitable operation and pay only half the second and third years. For agriculture and forestry enterprises and enterprises in economically depressed regions, taxes can be reduced by 15-30 percent for the next 10 years after the end of this grace period. If foreign shareholders reinvest their profits within China for at least 5 years, 40 percent of the income tax paid on the reinvested sum is refunded. The refund must be repaid if the invested capital is withdrawn before the end of 5 years.

Income tax is calculated on an annual basis and collected quarterly. Estimated payments are made 15 days before the end of the quarter and final adjustments are made within 5 months after the end of the fiscal year.¹⁰

Several provisions of the 1980 income tax law were revised in April and August 1983, as a result of which fiscal policy offered even more privileges to mixed enterprises. In April 1983, for example, the period of exemption was increased to 2 years after the start of profitable operations, but the third-year tax remained at the 50-percent level.

Easier terms were set for the payment of other taxes by foreign shareholders. Machines, equipment and other materials imported by foreign investors were exempted from customs duties and the standard trade and industrial tax in cases when these are part of the shareholder's share of capital or when they are imported by mixed enterprises with registered capital. Imported equipment and materials which do not exist in China and which represent supplementary capital stipulated in contracts, as well as raw materials, auxiliary materials, parts, components and packaging materials intended for the manufacture of export products, are also duty-free. An increase in the percentage of products sold in China was also authorized in cases in which China has an acute need for these products and has to import them. Mixed enterprises suffering losses in the manufacture of export products under normal conditions are exempt from the payment of the standard trade and industrial tax or pay a lower rate.¹¹

In August 1983 the law on the income tax of mixed enterprises was revised again for the purpose of establishing more favorable conditions for their operation. The tax grace period was extended to 5 years (instead of the previous 3). Now enterprises are exempt for the first 2 years after the start of profitable operations and pay half their taxes for the next 3 years. More favorable conditions were also established in the collection of the standard trade and industrial tax. Enterprises can be exempted from this tax when they experience difficulties during the initial period of production.¹² All of these measures are intended to stimulate the investment of foreign capital in the Chinese economy.

Several special privileges were designed to attract investments from Taiwan. For example, if Taiwanese capital is invested in an enterprise, the enterprise is exempt from the payment of income tax for 4 years after the start of profitable operations and pays half the tax for the next 5 years. These enterprises can sell up to 30 percent of their high-quality products made of imported materials in the Chinese market. They are exempt from real estate lease payments during the entire period of their construction and the first 5 years of their operation. The government of Taiwan, however, has prohibited all commercial transactions with the PRC.¹³

A special law passed in January 1982 regulates the budget's relations with foreign enterprises on PRC territory and enterprises which have no established organs in China but earn income in this country.

The first category covers foreign companies and economic organizations which have organs in China and conduct economic activity independently or jointly with Chinese enterprises. As in the case of mixed enterprises, income tax is levied on the income these enterprises earn from production and non-production activities. The object of taxation is again net annual income. The progressive principle of taxation applies to foreign enterprises, however. The amount of income tax is calculated according to a 5-level progressive schedule for the portion of income in excess of stipulated levels. There is no non-taxable minimum income. The minimum rate of 20 percent is levied on annual income of up to 250,000 yuan, the next rate of 25 percent is levied on income from 250,000 to 550,000, and the maximum rate of 40 percent is levied on the portion of income in excess of 1 million yuan. Just as mixed enterprises,

foreign enterprises pay a local tax in the amount of 10 percent of the basic tax.

Enterprises functioning in the spheres of farming, forestry, animal husbandry and other low-profit sectors with an operational schedule of at least 10 years are exempt from the payment of income tax during the first year of profitable operations and can have the tax reduced by 50 percent in the second and third years. At the end of this grace period taxes can be reduced by 15-30 percent for the next 10 years.

The taxes of foreign enterprises are calculated on an annual basis and paid quarterly. Estimated payments are made 15 days before the end of the quarter and final adjustments are made within 5 months after the end of the fiscal year.¹⁴

The 1982 law also envisages the payment of income taxes by foreign enterprises and economic organizations having no established organs in the PRC but earning an income in this country in the form of dividends, interest, rental payments, license payments, etc. A standard rate of 20 percent has been established for these forms of income, and the tax is withheld directly from each payment to the organization and is transferred to the state budget.

Foreign enterprises with no established organs in China were offered a few tax privileges in January 1983, or a year after the enactment of the income tax law. According to the rules of the PRC Ministry of Finance, taxes can be reduced by half (from 20 percent to 10 percent) or cancelled in the case of license payments for the use of certain types of technology. Exemptions are authorized when the technology is advanced or is offered on preferential terms.¹⁵

Another rule envisages a 50-percent reduction in the tax on loan interest payments and deferred payments on contracts signed in 1983, 1984 and 1985, and total exemption if the foreign company has extended credit or deferred payments at "beneficial" rates. The rate of taxation is still 20 percent for contracts signed prior to January 1983.¹⁶ It is obvious that this will create more favorable conditions for the operations of foreign financial establishments, companies making deliveries and performing services and other enterprises with no established organs in China.

The encouragement of foreign investments and activity by foreign citizens in the PRC is the purpose of the personal income tax law enacted in September 1980. The high income level on which personal income tax is collected presupposes employment primarily in the managerial sphere, where foreign capital is utilized.

Personal income taxes are paid by people who live in the PRC for at least a year and earn income inside or outside this country, and people who do not live in the PRC or live there for less than a year but earn income in this country. The tax is levied on wages and salaries, fees for personal services, license payments, interest, dividends, bonuses, income from the rental of property and other forms of income subject to taxation by a decision of the PRC Ministry of Finance.

Income from wages and salaries in excess of stipulated limits is taxed according to a 6-level schedule with rates ranging from 5 to 45 percent. The non-taxable minimum is 800 yuan a month, and the tax is levied only on the portion exceeding this amount. The portion of monthly income between 801 and 1,500 yuan is taxed at the minimum rate of 5 percent, income from 1,501 to 3,000 yuan is taxed at a rate of 10 percent, and so forth; the maximum rate of 45 percent is levied on the portion of income in excess of 12,000 yuan a month.

Income from fees for personal services, license payments, interest, dividends, bonuses and other sources is taxed at a standard rate of 20 percent. Some forms of income are exempt from taxation, including prizes for achievements in science, technology and culture, interest on savings accounts in state banks and credit cooperatives in the PRC, welfare payments, pensions for the loss of a breadwinner, social assistance grants, insurance settlements, the salaries of the diplomatic personnel of foreign embassies and consultates in China and some others.

Personal income tax is calculated in the following manner:

For income from wages and salaries: each month on the portion in excess of 800 yuan;

For income from fees for personal services, license payments and the rental of property: on the portion in excess of 800 yuan in the case of payments totaling 4,000 yuan or less, and on the portion remaining after the deduction of 20 percent of the payment in the case of payments exceeding 4,000 yuan;

For income from interest, dividends, bonuses and other sources: on the total sum of each payment.¹⁷

The discussion above pertained to the development of the fiscal system connected with measures to revive the state-capitalist structure and secure participation by this structure in the formation of PRC state budget income. As mentioned previously, another area of fiscal development was connected with the reorganization of the machinery of economic management. A form of income tax was used to add part of the income of state enterprises to the centralized fund. As mentioned above, however, this payment was essentially not a tax. It was not connected with a change in the ownership of the transferred portion of income, as in the case of taxes collected in the state-capitalist structure. The tax form, however, makes the payment compulsory and secures payment in the amounts and on the dates stipulated by the state.

For a long time (until 1983) tax and non-tax forms were used to transfer the monetary accumulations of state enterprises to the budget. Until 1973 enterprises made several tax payments and then transferred all remaining profits to the budget in the form of so-called profit contributions or in the form of deductions from profits (if part of the profits remained at enterprises for the creation of financial incentive funds and for other purposes). After 1973, when all tax payments were combined in the single trade and industrial tax, the net income of state enterprises entered the budget through two channels: One portion of enterprise net income was deposited in the form of the trade and industrial tax, and the other portion was deposited, just as in the past, in

the form of transfers of all remaining profits or in the form of deductions from profits. The use of the two-channel system (just as the previous multi-channel one) was based on the experience of the Soviet Union and other socialist countries, although the PRC system had a number of features distinguishing it from the system in other countries. The combination of these main channels secured state funds for centralized use.

For almost 20 years, from 1958 through 1976 and in 1978, non-tax payments by state enterprises in the form of deposited profits (or deductions from profits) exceeded all other forms of state budget income. They accounted for more than 50 percent of all income. In 1979, however, these payments began to display a relative and absolute decrease.

This was connected with the more extensive use of economic methods of managing the national economy. In line with this, enterprises kept a portion of their profits and set up financial incentive funds. A decree "On the Formation and Use of State Enterprise Funds on an Experimental Basis" was adopted for this purpose in December 1978, followed by the "Statute on the Retention of Profits by State Enterprises" in July 1979. In accordance with these decrees, part of the projected profits and above-plan profits of enterprises were used to set up funds for production development, financial incentive funds and funds for social and personal needs. These measures and some other attempts to incorporate the principles of cost accounting at enterprises were conducted on an experimental basis for several years. The sphere of experimentation gradually expanded as it spread to more and more new groups of enterprises.

Official measures to give enterprises broader rights and the nonfulfillment of profit assignments came into conflict with the efforts to increase state revenues. State budget income in 1979 was 1.8 billion yuan below the maximum level for 1978, and in 1980 it was 3.6 billion yuan lower; in 1982, however, it almost reached the 1978 level again. This was one of the main reasons for the budget deficit in 1979-1982 and the projection of a deficit until 1985.¹⁸ This was accompanied by the excessive growth of extra-budgetary funds at the disposal of enterprises and local government. According to data for 1982 these funds totaled 65 billion yuan, or almost 60 percent of all budget income.¹⁹ In addition to this, according to reports in the Chinese press, the expansion of the financial powers of enterprises did not produce the necessary results due to problems in the economy. In particular, the tendency toward excessive egalitarianism was not surmounted to the degree needed for the comprehensive introduction of the system of economic accountability at enterprises.

Under these conditions, an income tax was collected from state enterprises on an experimental basis instead of deductions from profits. Since June 1983 this has been practiced throughout the country. The new system is viewed by the Chinese leadership as one of the most important elements of the reform in economic management, which is supposed to guarantee the growth of state income and simultaneously secure adequate enterprise funds.

The extremely defective pricing system, which gives rise to substantial disparities in enterprise profits, and the tendency of many enterprises to operate at a loss have caused administrative agencies to approach the new system with

some apprehension. During the first stage of the transition (at least until 1985) the profits remaining at enterprises will be equivalent to 1982 figures, and the portion of profits deposited in the budget will also be calculated on the basis of the 1982 figure. In line with this, the following specific methods of collecting the profits of enterprises of different sizes and types have been established: The profits of large and medium-sized enterprises will be subject to an income tax at a single rate of 55 percent, and the remaining portion will be divided among the state and the enterprises in different proportions depending on the profitability level of the enterprises (the higher the profits, the larger the state's share); the profits of small enterprises (where the initial value of fixed capital is under 1.5 million yuan and total profits are less than 200,000 yuan) will be taxed according to an 8-level progressive schedule; for hotels, restaurants and some other enterprises the tax rate will be 15 percent; the new system does not extend to enterprises in the military and food industries, transportation, communications, foreign trade and agriculture.

During the second stage of this transition period, the proportion accounted for by income tax is expected to increase while that accounted for by deductions from remaining profits decreases as the pricing system is perfected. At the end of this process, enterprises will pay an income tax and local taxes and will then keep all remaining profits.²⁰ Therefore, the fiscal channel for the mobilization of state budget income will take on a universal nature. The Chinese press has noted that tax payments will represent 90 percent of all state budget revenues in the future. The measures to expand the sphere of tax payments are called "a transition from profits to taxes" in China. It is assumed that the system of payments by state enterprises in its more developed form will include the present trade and industrial tax, income tax and payments (in tax form) for fixed and working capital furnished by the state, and a so-called regulating tax, designed to compensate enterprises with low incomes for the "unfair" advantages of enterprises operating under more favorable conditions (higher state prices, better locations, raw materials of better quality, etc.) and deriving higher incomes as a result of this.

Reports in the Chinese press have stressed the need to make the transition to a new system of interrelations between enterprises and the budget. With the previous system of deductions from profits, "serious differences in the economic positions of various enterprises and rapid changes in them complicate the establishment of reasonable proportions between deductions from profits and the funds remaining at the disposal of enterprises; conflicts often arise between enterprises and state agencies as a result of this, and this has a negative effect on state income." The current measures "will put financial interrelations between enterprises and the state on a good legal basis.... The main thing here is that the state should receive the largest portion of income, the enterprise should receive the next largest, and workers and employees should receive the smallest portion."²¹ There is no question that the most important aim of these measures is the stable growth of state budget revenues and the reinforcement of the central government's financial position in relation to local organs.

In connection with this, it is noteworthy that special deductions in tax form from deposits in extra-budgetary funds were introduced in January 1983 and a

so-called construction tax was instituted in October 1983. Both of these payments are intended to augment state budget income through extra-budgetary funds.

In the first case, the deductions are deposited in a special state budget "fund for priority construction projects in power engineering and transportation." The fund is supposed to total 20 billion yuan during the 3 years of its projected existence (1983-1985), with 12 billion made up of deductions from extra-budgetary funds and the remaining 8 billion made up of budget and bank resources. Original deductions from the actual annual income of an extra-budgetary fund were set at 10 percent, but in July 1983 the rate was raised to 15 percent. Some extra-budgetary funds are exempt (local surcharges on the agricultural tax, the income of secondary and elementary academic institutions, the fund for the capital repair of state enterprises and some others).²²

The construction tax has a fiscal purpose and is also designed to limit extra-plan capital construction, which has taken on unjustifiably broad dimensions. The tax is equivalent to 10 percent of all investments in new construction and remodeling financed with extra-budgetary funds. Investments in power engineering, transportation, academic institutions, medical establishments, mixed enterprises (founded with Chinese and foreign capital) and construction projects partially financed (including credit) by international organizations, foreign governments and Chinese emigres are not taxed.²³

Therefore, the present stage in the development of the PRC fiscal system is distinguished by an increase in the number of tax payments, the expansion of the sphere of their collection and an absolute and relative increase in their importance in the mobilization of monetary accumulations into the budget. According to estimates published in the Chinese press, budget revenues collected from state industrial enterprises in the form of deductions from profits and taxes were 6.3 percent higher in 1983 than in 1982. At the all-China conference on economic work in February 1984, the objective of an 8.8 percent increase in budget income in 1984 was set (with a projected increase of 5 percent in the gross industrial product and 4 percent in the gross product of agriculture).²⁴

In conclusion, it must be said that it is still too early for any general statements about the impact of the fiscal reorganization, but estimates for 1983 and projections for 1984 indicate that the reorganization was justified from the standpoint of the objectives set by the Chinese leadership. The initial results testify that the tax form of appropriating monetary accumulations is stabilizing distribution relations between enterprises and the state, enhancing the effectiveness of the state sector and increasing state budget revenues.

FOOTNOTES

1. Ge Zhida, "China's Budget During the Transition Period," Moscow, 1958, pp 109-110.

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24. Ibid., 11 February 1984.

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CHINESE TELEVISION

Moscow PROBLEMY DAL'NEGO VOSTOKA in Russian No 3, Jul-Sep 84 (signed to press 29 Aug 84) pp 167-172

[Article by D. G. Napara]

[Text] The mass news and propaganda media in the PRC consist of four basic components: the periodical press, the film industry, radio broadcasting and television.

Until recently Soviet Sinologists studying the Chinese mass media concentrated on the first three components. The fact that television was largely ignored by the researchers was due, first of all, to the low developmental level of television broadcasting in the PRC and, secondly, to the great difficulties connected with the organization of direct viewings of Chinese television programs and the acquisition of information for subsequent processing and analysis.

In 1979, however, a TV relay antenna began operating in Heihe (Aihui District, Heilongjiang Province), and it transmitted broadcasts to one part of the Soviet city of Blagoveshchensk.

The Chinese leadership has paid considerable attention to the development of television in recent years. At an all-China working conference on radio and television broadcasting in Beijing in April 1983, PRC Minister of Radio and Television Wu Lengxi specifically said that "radio and television are the most powerful media today for the indoctrination, education and mobilization of the party, army and the entire population for the construction...of a high material and spiritual culture."¹ Although newspapers and radio are still the main channels for the dissemination of information and the molding of public opinion in the PRC, television is acquiring a perceptibly more important role and place among the Chinese mass media.

The work of creating China's own television network ended in success in 1958, when a TV center began operating in Beijing with equipment manufactured in China. The country's first TV center had a total capacity of 1 kilovolt. That same year Chinese industry began to manufacture black and white TV sets, producing an initial lot of 200 sets.² The Chinese leadership proposed an optimistic plan for the establishment of a national television network,

encompassing the 30 largest cities in the country, within the next 4 years. This plan was part of the "Great Leap Forward," but only one "link" of the network, Beijing-Tianjin, was completed before 1960.

Nevertheless, it can be said that the first stage in the development of Chinese television--the preparatory stage, the stage of technical experimentation--was over in 1958. The commencement of broadcasts from the Beijing center marked the beginning of the second stage in the development of Chinese television.

By the middle of the 1960's Chinese industry was producing over 4,000 TV sets a year. The television network served the population of the two largest cities in China, Beijing and Shanghai. Television programs were not meant for the mass audience: The scarcity and high cost of TV sets (700 yuan) confined their private owners to a few high-placed officials and their group owners to a few communes and production brigades. According to witnesses, TV propaganda was then in its initial stage. The number of TV sets rose from 50,000 in 1962 to 100,000 in 1966. The network of TV subscribers expanded quite slowly and was limited to neighborhoods closest to the big cities.³ By the beginning of the "Cultural Revolution," China had only 10 TV stations.

The second stage in the development of Chinese television could be described as a formative stage. Experiments were carried out in both the technical and artistic spheres, but the emphasis slowly shifted to the arts. Chinese television's evolution into an independent medium of news and propaganda was interrupted, however, by the "Cultural Revolution." According to reports in the Chinese press, there was virtually no increase in the output of technical television equipment during this period, the development of the broadcasting network was curtailed and there was a dramatic decline in the already low quality of TV programs.

During the years following the 11th CCP Congress, at which time the end of the stage of "Cultural Revolution" was officially announced, the Chinese leadership resumed its efforts to accelerate the development of television in the country.

In general, development during the second stage took three forms: The industrial base for the production of technical TV equipment was expanded and improved; the broadcasting network was expanded; the quality of TV programs improved.

The establishment of China's own television industry gave rise to substantial difficulties, stemming specifically from the overall technical underdevelopment of the country and the absence of skilled manpower and modern production technology. This is why China had to ask overseas partners, primarily Japanese firms, for help in the modernization of existing enterprises and the construction of new, state-of-the-art facilities. In addition to importing technology, finished products and TV components, the Chinese side engaged in the active exchange of TV specialists and the training of some categories of technical personnel abroad. Journalists and TV personnel in the arts were no exception, and they gained experience in the organization of broadcasting in

Japan and the United States. In this connection, RENMIN RIBAO reported that Chinese TV personnel had "much to learn from the United States" and could "use U.S. experience as a basis for the revision of their ideas about the length, scheduling and content of TV news programs."⁴

Table 1

TV Set Production in PRC

<u>Plants</u>	<u>Output (thousands per year)</u>	<u>Products</u>
Beijing TV Plant	120	Black-and-white, color, with
	150	30-, 35- and 56-cm screens
Dongfeng TV Plant in Beijing	240	Black-and-white, 30-cm,
	60	color
Chengdong Radio Plant No 1	50	Black-and-white, 30- and 48-cm
		screens, using Japanese
		materials
Plant in Fuzhou, Fujian Province	180	Black-and-white and color,
	200	35- and 56-cm screens
Radio Plant No 2 in Jiamusi,	250	Black-and-white, 30-cm
Heilongjiang Province		screen
Radio Plant No 8 in Shenyang,		"
Liaoning Province		"
Mudanjiang TV Plant, Heilongjiang		"
Province		"
Nangking Radio Plant		"
Broadcasting equipment plant in	100	"
Inner Mongolian Autonomous Region		"
Radio plant in Ningbo		"
Huanghe Machine-Building Plant,	60	"
Shenxi Province		"
Shanghai Radio Plant No 18	300	"
Shanghai Broadcasting Equipment	200	Black-and-white, 35- and
Plant		48-cm screens
Shanghai Radio Plant No 4	100	Black-and-white, 30-cm
Shanghai TV Plant No 1	66	"
	200	Color, 35- and 56-cm
Shenyang Radio Plant No 12		Black-and-white, 30-cm
Suzhou TV Plant		"
Tianjin Radio Plant	60	"
	150	Color, 35- and 56-cm

Source: CHINA BUSINESS REVIEW, 1982, No 11.

Capital investments in the PRC television industry are increasing. In 1979-1980 they exceeded total investments in the TV industry over the previous 8 years. The annual output of TV sets grew more than 500-fold in a decade (1970-1980): 10,000 sets were produced in 1970, and 5,394,000 were produced in 1981.⁵

Table 2

Participation by Foreign Firms in TV Equipment Production

<u>Product</u>	<u>Company</u>	<u>PRC enterprise</u>	<u>Output, thousands</u>	<u>Cost, \$millions</u>	<u>Work began</u>
Color TV's (assembly)	Hitachi	Shanghai TV Plant No 1	200	12.5	Mid-1981
		Plant in Fuzhou (Fujian)	200	2	"
	Matsushita	Beijing TV Plant	150	5	"
	Victor	Tianjin Radio Plant	150	4	1980
Color CRT's	Hitachi	Color picture tube plant in Xianyang (Shenxi)	960	76	Mid-1981
Color TV IC assembly lines	Toshiba	Plant in Wuxi (Jiangsu)	260,000	58	1982
Color TV transformers	Sanyo	Wuzhou TV Plant (Jiangsu)	500	--	Early 1981
	Victor	Beijing TV Equip- ment Plant No 3	500	--	Mid-1981
B&W TV assem- bly lines	Hitachi	Plant in Fuzhou	180	--	"
B&W CRT assem- bly lines	Nippon	Tianjin CRT Plant	720	--	Late 1981
	Electric	Shanghai CRT Plant	1,600	5.5	Mid-1981
B&W CRT pro- duction equipment	Corning Glass	Shanghai Picture Tube Plant	4,000	25	1984
Printed cir- cuit equipment	Matsushita	Shanghai Radio Plant No 20	--	5	1982
TCS & modu- lator produc- tion line	Nippon Electric	Shanghai TV Plant No 13	1,000	--	--

According to the CHINA BUSINESS REVIEW, Shanghai is the production center of Chinese TV sets. Its enterprises produced one-third of the total national output in 1981. The city has eight large TV enterprises, including the largest--the 18th radio plant and 1st television plant. Shanghai is followed by Beijing and Tianjin, where enterprises produce hundreds of thousands of TV sets each year. Besides this, there are around 50 small TV assembly shops in the Chinese provinces with a low output (see Table 1).⁶

In 1981 around 60,000 color TV sets were produced in China, consisting mainly of imported parts and components (see Table 3). Most of these materials came from Japanese firms. In 1978 the Hitachi firm was contracted to supply the plant in Xian with equipment for the production of 1 million cathode ray tubes (CRT), used in color TV sets, and the Toshiba firm was contracted to build a plant in Wuxi for the assembly of 28 million integrating circuits a year.

Table 3

Imported TV Sets (thousands)

<u>Exporting country</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Japan	694	1,207.0	604.2*
Color	133	100.0	52.2
Singapore (only black-and-white)	--	406.0	252.0**
Shanghai and Taiwan	89	733.3	558.0**
Color	24	44.3	17.0
Others	650	270.0	--
Total	1,433	2,616.3	--

* First 6 months.

** First 3 months.

Source: CHINA BUSINESS REVIEW, 1982, No 1, pp 25-28.

The Hitachi, Matsushita and Japan Victor firms supplied China with three TV assembly lines for enterprises in Shanghai, Beijing and Tianjin. In 1981 the experimental production of CRT's began at the plant in Xian. Operation at full capacity is often postponed, however, due to the shortage of skilled workers and some components and to shipping problems.

Of the 3 million TV sets with a 30-cm screen, measured diagonally, produced each year (on the average) in the country, two-thirds have imported CRT's, mainly from Japan and Taiwan. Imports of sets and components from Taiwan have increased substantially in recent years.⁷ West European countries are also cooperating in the establishment of China's own TV industry; West European components began to be purchased in 1978.

An assembly line for Swiss-produced chrome-plated panels is now operating in Changsha (Hunan Province), and a line for Italian-produced getters is operating in Nanking (Jiangsu Province), with a projected output sufficient for the assembly of 2.4 million black-and-white and the same number of color picture tubes a year. Around a million CRT's are produced at plants in Shanghai, Beijing, Qingdao, Shijiazhuang and Wuxi. The two CRT assembly lines purchased from the Japanese Nippon Electric and Matsushita firms for plants in Tianjin and Shanghai should secure an annual output of 2.5 million 35-cm CRT's. The main difficulty the Chinese encountered in organizing CRT production was connected with glass processing. The only relatively modern enterprise for the production of picture tubes was the plant built at the end of the 1950's in Chengdu with Soviet assistance, which produces 50,000 tubes a year. Manual labor prevails at all other enterprises, as a result of which their products cannot be used on mechanized assembly lines. The problem was partially solved in 1980 after a contract was signed with the American Corning Glass firm on the construction of a plant in Shanghai with a projected output of 4 million tubes a year.⁸ Besides this, modern picture tube enterprises are being built in Nanking and Tianjin. The most important

component needed in the production of modern TV sets is the integrated circuit. The PRC is not only purchasing technology and plants for the production of integrated circuits (IC) abroad, but is also investing capital in the development of this branch of the television industry abroad. In particular, an enterprise has been established jointly with the Tele-Art firm (in Hong Kong) for IC production, which will allow the PRC to acquire the necessary experience to organize its own production. At the end of 1983 plans were made for the installation of an assembly line in Wuxi (Jiangsu Province) with an annual output of 26 million IC's, sufficient for the assembly of 5 million TV sets. The equipment is being supplied by the Japanese Toshiba International firm. An assembly line for black-and-white picture tubes, with a projected output of 720,000 a year, is now operating at the Tianjin Picture Tube Plant. A line for the assembly of 1.5 million television channel selectors (TCS) a year was supposed to begin operating at Radio Plant No 13 in Shanghai by January 1983. The Japanese Nippon Electric firm supplied the equipment for both lines. The Japanese Matsushita Electric Industrial firm provided commercial and technical assistance in the construction of a line for the production of 150,000 square meters of printed circuits at Radio Plant No 20 in Shanghai. In 1982 the U.S. Department of Commerce authorized the sale of equipment for the processing of semiconductor plates by 30 American firms to China for two enterprises manufacturing crystals in Wuxi, which will ship them to an IC plant which is being built with the aid of the Toshiba firm. These IC's will be used in the assembly of TV sets at a Chinese enterprise built by the Hitachi firm. Nippon Electric built a line for the Chinese electronic industry for the production of up to 500,000 TCS's a year. It began operating in March 1982 at the Dangdong TV Component Plant (Liaoning Province). It consists of 7 sets of large equipment, 18 sets of stamping units and other devices. Prior to the construction of the line, the plant specialized in manufacturing TCS's for color and black-and-white TV sets. In 1981 the enterprise produced 820,000 items in five different designs. A decision has been made to use this enterprise's TCS's in all new models of TV sets.⁹

In addition to importing foreign technological "know-how," TV components and lines for the assembly of TV sets and the manufacture of TV components, the PRC is importing the finished product (see Table 3).

On the strength of the technical assistance of Japanese, American and other foreign firms, the products of some Chinese TV plants have entered the world market. According to the minister of the PRC Fourth Machine-Building Ministry, China "produces components, equipment and...television sets" which are shipped to 50 different countries. Some of the products of Chinese TV and radio plants built with Japanese assistance are marked "Made in Japan" when they enter the world market.¹⁰

The establishment of TV equipment production in China was accompanied by work to expand the broadcasting network. By the end of the 1970's China had 38 television centers with their own programs. In 1980 China had 238 relay stations and more than 2,000 small relay antennas serving remote and almost inaccessible regions.¹¹ Now virtually all Chinese provinces can receive broadcasts transmitted from Beijing by relay or on video tape and the programs of local studios. The number of TV centers in China, according to data for

1981, has risen to 42, and the number of relay transmitters has risen to 265. China had to enlist the aid of overseas partners when it encountered difficulties in the expansion of the broadcasting network, just as it had when it was establishing the television industry in China. In 1982 the PRC negotiated an agreement with representatives from Intelsat, by the terms of which China would initially lease one impulse transceiver in its entirety and another for one-fourth of its reserve capacity for a million dollars a year. The first would be used for national color broadcasts on two channels. China would have to invest capital in the construction of ground transmitters for the support of the Intelsat system. In view of the fact that Intelsat provides clients with almost no technical assistance, the Chinese side intends to request an American firm specializing in telecommunications for technical assistance and for recommendations of potential equipment suppliers. It is possible that China will produce some of this equipment, but it plans to import antenna systems, amplifiers, transformers and monitors from the Western countries.¹²

Table 4

TV Sets Produced in PRC (thousands)

<u>1958</u>	<u>1962</u>	<u>1966</u>	<u>1970</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
0.2	50	100	10	1,320	2,492	5,394

Source: BEIJING REVIEW, No 10, 9 March 1981, p 26; CHINA TRADE REPORT, 1982, No 20, pp 6-7; I. George, "Through the Prism of Beijing," p 41.

The foreign press has noted China's special interest in a satellite communication system. The PRC is a member of the International Satellite Telecommunications Organization and exchanges TV programs with partners in 50 countries. Programs are exchanged with overseas partners through a satellite communication system. In 1978 the first Chinese satellite communication station was built near Nanking with a parabolic antenna 10 meters in diameter. The station is capable of securing multichannel communications. It is already being used on an experimental basis for communications with the FRG and France through the Franco-West German Simfonia satellite. China also has three satellite communication stations purchased from the United States. They secure PRC international communications through a satellite in a stationary orbit over the Pacific and Indian oceans. China does not have any of its own communication satellites yet.

The increase in the number of Chinese TV subscribers is attested to by the number of TV sets sold through the retail network. The volume of retail trade in TV sets in 1982 was 74.5 percent higher than the 1981 figure.¹³ In Beijing and Shanghai there is one TV set for every two families.

Between 1970 and 1980 the number of TV sets owned by the population rose from 630,000 to 7 million. During that same period the number sold in Beijing, for example, was 410,000, or 10 times as many sets as during the years of the "Cultural Revolution." In spite of the increased output of sets and the

expansion of the subscriber network, the percentage of the population receiving programs in China is still extremely low, however, and the correlation of TV sets to population is no higher than 1 percent.

State television broadcasting in the PRC is central and local (or provincial). The establishment of the TV network and the construction of TV centers and relay stations are also being conducted on two levels. In Heihe District (Heilongjiang Province) more than 30 relay stations already exist or are being built at the present time. In Dedu and Sunwu villages and the city of Heihe the construction is being financed by the state. In Nunjiang, Sunke and Beian villages it is being financed by district capital investments. A total of 2.1 million yuan has been spent for this purpose in the district. The construction of a TV station with local government funds has also been planned. The Jiusan State Farm Administration, for example, built a transmitter, which began operating after inspection and authorization by the provincial and district TV departments. Specialists are also being trained in the district: 40 people are undergoing a 3-year training course locally. Some people have been sent abroad. Heihe District is the leader in Heilongjiang Province in terms of orders for TV equipment and purchases of TV sets. The intense development of television in the district is due in part to the proximity of relay stations to the USSR's border. Sales of TV sets in the retail trade network are regulated by the district party leadership: 65 percent of the sets for sale are reserved for the urban population, and 35 percent are reserved for rural inhabitants. Japanese, Hungarian and Polish sets are sold in the district in addition to sets made in China. The number of privately owned sets, however, is still negligible. There are 630 TV sets and 64 public TV viewing rooms for 50,000 inhabitants. The Heilongjiang Province Television Center, which produces its own programs, is located in Harbin. Programs are transmitted in black and white and in color.

The following conclusions can be drawn from an analysis of the results of the development of Chinese television: At the turn of the decade Chinese television entered a third stage, a stage of intensive development. This is attested to, in our opinion, by the following facts: a fundamental change in the attitude of the Chinese leadership toward television as a mass news and propaganda medium; the dramatic increase in the output of TV equipment; the expansion of the broadcasting network and China's appearance on the international scene; the gradual transition to color television; the radical improvement in the technical quality of programs.

The Chinese leadership is not leaving television out of its policy line of "socialist modernization." Speaking at the aforementioned conference, PRC Minister of Radio and Television Wu Lengxi stressed that "information reform must be the highest priority." Plans for the next 3-5 years include, in addition to the construction of television and radio stations (central and local), the improvement of technical policy, the launching of communication satellites, the enhancement of the creative potential of TV programming, the establishment of a TV news center and the enrichment of TV program content.¹⁴ These are colossal objectives; time will tell the degree of their attainment.

FOOTNOTES

1. RENMIN RIBAO, 1 April 1983.
2. BEIJING REVIEW, 9 March 1981, No 10.
3. I. George, "Through the Prism of Beijing," tr. fr. Hung., Moscow, 1975, p 41.
4. RENMIN RIBAO, 30 December 1980.
5. BEIJING REVIEW, 9 March 1981, No 10; RENMIN RIBAO, 30 April 1982.
6. CHINA BUSINESS REVIEW, 1982, No 11, pp 25-28.
7. Ibid., 1982, No 4, p 46.
8. ELECTRONICS WEEKLY, 6 January 1982, p 10.
9. CHINA TRADE & ELECTRONIC NEWSLETTER, 1982, No 317, p 5.
10. BEIJING REVIEW, 9 March 1981, No 10, p 21.
11. Ibid., p 26.
12. CHINA BUSINESS REVIEW, 1981, No 6, pp 58-59.
13. RENMIN RIBAO, 30 April 1982.
14. Ibid., 1 April 1983.

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ROLE OF PROLETARIAN INTERNATIONALISM IN SOCIALIST CONSTRUCTION

Moscow FAR EASTERN AFFAIRS in English No 4, Oct-Dec 84 pp 115-117

[Review by T. A. Yakimova, candidate of historical sciences, of book "Proletarskiy internatsionalizm i razvitiye sotsialisticheskikh stran Azii" [Proletarian Internationalism and the Development of the Asian Socialist Countries], Moscow, Nauka, Glavnaya redaktsiya vostochnoy literatury, 1983, 528 pages]

In the past decade, the significance of proletarian, socialist internationalism for the world revolutionary process has manifested itself most strikingly. Revisionists of all kinds and the strategists of imperialism are now doing all they can to distort the history-making role of socialist internationalism, attempting to divorce the national and international interests of nations and peoples. Bourgeois propaganda and the right- and "left"-wing revisionists zealously try to oppose proletarian, socialist internationalism to the general democratic principles of equality, independence and sovereignty. To do so they use every means available, from blatant slander to pseudo-scientific theories such as the notorious "limited sovereignty concept", the demagogic fabrications about the "dominant forces" and "two superpo-

wers" which, they claim, decide the fortunes of nations behind their backs.

The book under review is written by an international team of scholars from Bulgaria, Hungary, the GDR, Poland, the Soviet Union and Czechoslovakia (edited by Georgi Kim, Corresponding Member of the USSR Academy of Sciences). The analysis is based on the example of Mongolia, Vietnam and the Democratic People's Republic of Korea. The authors assess the role of proletarian, socialist internationalism in the evolution of formerly backward peoples of Asia, which chose socialism in its diverse aspects, how its content and forms have been enriched in the course of historical practice, and also look into the basic features of their realisation at the current stage of development of the world socialist system.

The book largely focuses on issues such

as the attainment of national sovereignty, the transition to non-capitalist development, and the role of international factors in the socio-economic and cultural development of the three countries. Attention is given to the general and specific national aspects of socialist construction, as well as to the influence of proletarian, socialist internationalism on this process. The authors provide a sufficiently comprehensive elucidation and analysis of the historical experience of building socialism in Mongolia, Vietnam and North Korea, which is particularly important for developing countries.

Part I sets out a theoretical interpretation of the above problems, while Part II analyses the practice of revolutionary struggle and socialist construction in Mongolia, Vietnam and North Korea. The significance of proletarian internationalism for building socialism in these countries is shown against a background of extensive factual material. In these countries proletarian internationalism played a big role in the formation of the Marxist-Leninist parties which led their advance towards socialism along non-capitalist lines.

After the Second World War, the people's democracies of Asia which began the revolutionary change in new historical conditions

were able to utilise the rich experience of Soviet Eastern Republics and Mongolia in creating their economies, culture, their states and parties. This undoubtedly made it easier for them to deal with more or less similar problems, and helped accelerate their socio-economic and cultural development. This experience still retains its immutable significance for the peoples that have chosen socialist orientation, the gradual transition to socialism.

In the new stage of world development, the DPRK and Vietnam gained a great deal of experience in effecting the transition to socialism. The book focusses on how these countries—using the example of their peoples' destinies—have proved in practice the possibility and decisive advantages of non-capitalist transition from pre-capitalist and early-capitalist relations to socialist orientation of the people and socialist reality. These formerly backward countries, whose development was largely blocked as a result of imperialist oppression, were able, when assisted by the victorious international proletariat of the advanced nations, to either "leap over" the capitalist formation or to considerably shorten it, showing other peoples "how to do it", and what progress could be thus attained. After the victorious revolutions in Mongolia, Vietnam and the DPRK,

each of these countries itself became an active vehicle of progressive international influence, primarily on the peoples of the East (p. 96).

These three countries, which are advancing towards socialism in the new historical epoch, bypassing or considerably shortening the capitalist stage of development, have many specific features. But these features, in no way belittle but, on the contrary, help the authors to single out and accurately show the generally significant features and principles of the socialist transformation of society, and the role of international factors in this very complex process, and particularly so in Asia.

Proceeding from a comparative analysis of the experience of the socialist countries, the authors conclude that the creation of the socialist foundations in various groups of countries can be accomplished even though the material and technological base is at a different levels of maturity. In each particular case, however, it should be based on the balanced and proportionate development of production. A departure from this condition leads to grave consequences. Mongolia and the DPRK are building the material and technological base of socialism, improving socialist production relations, and successfully confronting the many problems dealt with by the European socialist countries at the stage of creating the foundations of a socialist society. The authors emphasise that to understand and correctly assess and generalise this development pattern, it is indispensable to take into account the growing role of the principles of socialist internationalism in the progressive development of the socialist countries of Asia, whose essence and forms of operation are becoming richer, and whose "materialisation" is becoming more productive and important (p. 173).

Looming large in the book is the analysis of the international factor which helps comprehensively assess the array of complex problems which are being solved by the working people of formerly backward nations under the guidance of their Marxist-Leninist vanguards. Among these are expanding the productive forces and creating the material and technological basis of socialism, coupled with the formation of the conditions for building a developed socialist society. In other words, an analysis of the progressive development of the socialist nations of Asia will be correct only if the

tremendous role of the international as well as the national factors is given due consideration. The most important of these are cooperation with the fraternal socialist countries, mutual assistance and support, and the evening out of the socio-economic levels of the socialist countries i. e., factors expressing the general laws of the development of the socialist system. The fraternal countries of Asia shape their policy and activities in accordance with the fact that the evening out of the levels of economic development is part of the comprehensive integration of the socialist countries, that it is a long and complex process, and that the scientific and technological revolution is an important feature and condition of this process, which can be accomplished only on the basis of socialist internationalism.

The book makes special mention of concrete aspects of the proletarian internationalism like the assistance of the Soviet Union and other socialist countries in defending the revolutionary and socialist gains by these three countries. The victories of the Mongolian, Korean and Vietnamese peoples in wars launched against them by interventionists, as well as the possibility of China holding out against the onslaught of the forces of imperialism, were determined—alongside the heroic struggle of these peoples and their own effort—by the strength of world socialism, the military, political, economic and diplomatic support of the Soviet Union and other socialist countries, and by the movement of international solidarity of progressive forces elsewhere in the world. The experience of these countries proves the absurdity of concoctions about the "export of revolution", and exposes the reality of the export of counterrevolution, pointing to the need to repel it by the joint effort of the fraternal countries. The book summarises the historical practice which testifies to the paramount importance of unity in the world communist movement, and primarily the unity of the socialist community for victory over imperialist aggression and for building a new life. The authors emphasise that "the path of comprehensive cooperation on the basis of socialist internationalism gives each socialist country the possibility of successful progress." "Only through balanced and coordinated cooperation in all spheres can the socialist countries resist the schemes of reaction" (p. 261).

The successes of Mongolia, Vietnam, the DPRK and other fraternal countries are

based on the growing strength and cohesion of socialism on a world scale, on ensuring detente and, of course, on their own effort in building and consolidating socialism. The authors, however, point out that in Asia, as well as on other continents, reaction does not give up without resistance. "Every success has to be won by persistent struggle" (p. 280).

The collective monograph shows that the approach to the problem of the development of individual countries from the positions of common national and international goals allows each country of the socialist community to derive the greatest possible and concrete benefit from this cooperation which, in turn, is very important for the consolidation of the world socialist system as a whole, and for the increase of its economic, political and ideological authority in the world.

The analysis by a team of authors, based on the extensive factual material which characterises the development of Mongolia, Vietnam and the DPRK, provides a scientific substantiation of the thesis that the role of proletarian, socialist internationalism in their progressive development is increasing and will continue to increase parallel to the growing complexity of the tasks they have to solve, since its operation helps create the conditions for combining the ad-

vantages of the new social system with the achievements of the scientific and technological revolution. In this context, particularly important from the theoretical viewpoint is the inference about the paramount importance, for the socialist countries of Asia, of their involvement in the socialist integration, and the further expansion and deepening of their cooperation with the other fraternal countries.

The book gives much attention to the problem of the international duties of Marxist-Leninist parties, and to the dialectical unity of the national and international goals in their strategy, policy and activities. The task of Marxist parties, Lenin wrote, is to "seek out, investigate, predict, and grasp that which is nationally distinctive, in the concrete manner in which each country should tackle a single international task."¹ These countries' experience corroborates the theses about the interdependence of the internationalist duty of the socialist countries, and the idea that it is an indicator of the equal participation, cooperation, unity and solidarity of the fraternal sovereign states.

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¹ V. I. Lenin, *Collected Works*, Vol. 31, p. 92.

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CHINESE REVOLUTION AND ARMY

Moscow FAR EASTERN AFFAIRS in English No 4, Oct-Dec 84 pp 117-120

[Review by N. Ye. Savrasov of book "Vooruzhennyye sily KPK v osvoboditel'noy bor'be kitayskogo naroda (20--40-ye gody)" [Armed Forces of the CCP in Chinese People's Liberation Struggle (1920's-1940's)] by M. F. Yur'yev, Moscow, Nauka, Glavnaya redaktsiya vostochnoy literatury, 1983, 334 pages]

At the start of the modern era, relations in China in the economic, social, and political sphere were predominantly semi-feudal. The Xinhai revolution brought down the monarchy, but even though the Chinese republic was proclaimed, it failed to become a united, independent, or sovereign state. The imperialist powers preserved their dominant positions in China. They received support from all sorts of militarist groups

which had armies of their own and did as they pleased in the country. The "Jun fa" did not recognise the central government, robbed the people, and were constantly clashing with each other for hegemony in the provinces and control of the Peking government. All this exposed the Chinese people to atrocities and hardships. Militarist wars stemmed from imperialist rivalries--like all militarism does--when one power or another sought to expand its sphere of influence. The meeting of the Comintern Executive Committee in 1926 pointed out that "the existence of the state organisation of Chinese militarism was due to China's semi-colonial status, the division of Chinese territory, the backwardness of the Chinese economy, and the huge agrarian overpopulation in China's rural areas." *

* *The Communist International in Documents, 1919-1932*, Moscow, 1933, p. 671.

The military form of reactionary domination made armed struggle by a Communist-led revolutionary army the prime component of the Chinese people's liberation movement.

The monograph reviewed here is about the establishment and consolidation of that army. It is written by Professor M. Yuriev of the Afro-Asian Nations Institute at Lomonosov State University in Moscow. Professor Yuriev has studied the military history of the Chinese revolution for 35 years, so the book is a result of a thorough analysis and broad generalisation of a tremendous amount of historical material gleaned from a great number of sources.

The book is structured on the chronological principle featuring the division of modern Chinese history adopted in Soviet historiography. Chapter One deals with the establishment of military units headed by Communists within the National Revolutionary Army of China. The National Revolutionary Army was formed in 1924-1925, with material support provided by the Soviet Union at Sun Yatsen's request. So along with Chinese revolutionaries, several prominent Soviet politicians and military experts—V. Blukher, M. Borodin, P. Pavlov, A. Cherepanov, and others—contributed to the founding of the Army. Many of the Communist founders of the Army were trained at the famous Huangpu (Whampoa) military school, which had workers from the Guomindang (it was the national revolutionary party at the time) and the Communist Party of China, as well as Soviet military and political advisers. Some of the military officers for the Chinese national revolution were trained in the Soviet Union.

One of the well-known units of the time was a Detached Regiment commanded by Ye Ting, in which most of the officers and enlisted men were members of the Chinese Communist Party or the Young Communist League. The regiment made a major contribution to the success of the Northern campaign of the National Revolutionary Army when the militarist forces were defeated. Professor Yuriev also writes about several other units that were headed by Communists shortly before and during the national revolution of 1925-1927, when the Guomindang and the Communist Party cooperated with each other. When the Guomindang's reactionary leaders staged an anti-Communist coup, it was thanks to those units that the Communist Party was able to head the armed

resistance to the counterrevolutionary Guomindang. It was during the anti-Guomindang operations, supported by workers and peasants, that the Workers' and Peasants' Red Army of China began to be formed and consolidated.

Half of the book—three chapters out of six—is about the Chinese Red Army and its operations. Chapter Two covers the establishment of the Communist Party's first large independent units and forces, which occurred at the beginning of the 1927-1937 Civil War. Chapter Three deals with the late 1920s and the first half of the 1930s when the Communist Party's military strategy was developed with assistance from the Comintern and tested in combat operations. Chapter Four describes the shift from the Civil War to the policy of a united national anti-Japanese front.

The book convincingly shows that during the Japanese aggression the first strategic priority was to unite all patriotic forces to defend the country's independence. The Red Army was reorganised into the 8th Army and the New 4th Army, which were organic parts of the All-China National Revolutionary Army (the name remained from the 1925-1927 revolution). Under Communist Party leadership, these armies became the strongest and the best-prepared politically. Broad popular support enabled the 8th Army in Northern China, the New 4th Army in Central China, and guerilla troops in Southern China to establish 18 anti-Japanese bases in the rear of the Japanese forces. It was at those bases, as well as in the Special Region covering part of Shensi, Gansu, and Ningxia provinces, that the democratic forces grew and consolidated themselves during the national liberation war. It was on that territory that major progressive social, economic, and political measures were carried out, the new state system was concretely developed, and the Communist Party gained experience not only in waging a war of independence, but also in government and political leadership.

When the Soviet Union entered the war against Japan in August 1945, a powerful new territorial military base of the Chinese revolution was established in Manchuria. Chapter Five of Professor Yuriev's book is about the Chinese Communist Party's armed forces at the time of the decisive victories over the Japanese imperialists. The chapter gives an adequate account of the Communist Party's activities at that time, including

the efforts to combine armed struggle with democratic change and the problems in relations between the Chinese Communist Party and the Guomindang in various conditions—from 1937 and 1938, the first stage of the war against Japan when the two parties were allied in the national anti-Japanese front under a mutual agreement to actions against the anti-Communist campaigns of 1939, 1941 and 1943. Chapter Five also deals with the complex problem of conflicting trends within the Communist Party of China concerning some basic aspects of the national liberation struggle, the party's strategy and tactics, and its role in the international Communist movement.

Chapter Six, the final chapter, is devoted to the role of the Chinese People's Liberation Army in the final period of the Chinese revolution. In the summer of 1946 the Guomindang began a country-wide civil war. The Guomindang forces had considerable superiority in personnel and weapons. They controlled most of the country's material resources and most of its communications, and received a great deal of military and economic aid from the United States. The People's Liberation Army held out through the initial period of the war. And in the middle of 1947 it took the offensive, which was crowned by the total military defeat of the Guomindang on mainland China in 1949.

Professor Yuriev analyses and substantiates the principal factors accounting for the military and political victory of the people's revolution in China. They are: broad popular support for the Communist Party's correct political and military strategy and tactics; a powerful popular movement in the Guomindang-controlled areas against the reactionary dictatorship; American domination, economic dislocation, and the outrageous actions of the corrupt authorities; the firm position of the Soviet Union making it possible to prevent a wholesale American intervention; the moral and political support for the Chinese people's struggle from the Soviet Communist Party and the international communist movement. Professor Yuriev presents a convincing analysis of the factors leading to the failure of American imperialism's plans to consolidate its positions in China and to use it as a bridgehead in its aggressive policy in the Far East spearheaded against the Soviet Union and other socialist forces, and against the Asian nations' struggle for independence. In these favourable conditions, the victory of the

Chinese people and their armed forces headed by the Communist Party in the Civil War of 1946-1949 created the conditions for completing the democratic transformations, for advancing the economy and culture, and for starting to build the foundation of socialism in China.

Here once again we present the main stages in the history of the Chinese Communist Party's armed forces. During the 1925-1927 revolution there were only a few units in the National Revolutionary Army headed by Communists, with a total personnel of just a few thousand. During the Civil War of 1927-1937, the Chinese Red Army was formed and in 1933 it totalled a few hundred thousand officers and enlisted men. The Red Army was later reorganised into the 8th Army and the New 4th Army, with more than a million under arms, which played a key role in the war against the Japanese invaders. And finally those forces grew to form the several-million-strong People's Liberation Army which defeated the troops of the pro-American Guomindang regime.

Professor Yuriev traces the development of the revolutionary army in its entire complexity. The Chinese Communist Party experienced several setbacks and suffered major military defeats, like those in Southern China in the autumn and winter of 1927. In 1934-1935, after hard fighting and heavy losses, the Communist Party's main force had to retreat from the Central provinces to North-West China (called the Great campaign). In January 1941, the headquarters column of the New 4th Army was destroyed in a bloody provocation staged by the Guomindang. In 1941-1942, the strength of the Communist Party's troops and the territory of the anti-Japanese bases were reduced following several major strikes by the invading forces and Chiang Kaishek's refusal to conduct active military operations. In 1946-1947, the People's Liberation Army was forced to abandon part of the liberated regions. All these dramatic events are reconstructed and thoroughly analysed in the book under review.

Professor Yuriev was guided by the historical principle—an essential principle of Marxist-Leninist theory—so his book does not whitewash reality, but also describes the negative phenomena caused by deviations from Lenin's concept of a united front and of combining various forms of revolutionary struggle.

The Army of the Chinese Communist Party made an outstanding contribution to the success of the Chinese revolution. But the Communist Party of China undervalued other forms of cooperation between progressive forces and democratic and national patriotic forces. The party did not give sufficient attention to the workers' and peasants' movement in Guomindang-controlled areas. All this aided the spread of the oversimplified concept that "the army would take care of everything". The concept hyperbolised the military factor, minimising the role of the party as the highest form of working-class organisation comprising all progressive social forces and also reduced the importance of working people's rebellions against the Guomindang regime.

The monograph features the dedicated work of many outstanding leaders and ordinary members of the Chinese Communist Party. It is due to their efforts that small guerilla-type detachments grew and developed into the powerful armed forces of the Chinese revolution. The book presents an impressive account of the heroic efforts of the Communist Party's military and political leaders: Li Dazhao, Qu Qiubo, Zhang Tailei, Ye Ting, Fang Zhimin, Bo Gu, Gao Gang, Liu Zhidan, Xiang Ying, Peng Bai, Guan Xianying, Peng Xuefeng, Huang Gonglue, Zhou Yiqun, Yun Daiying, Xiao Chongyu, Xiong Xiong, Jiang Xiangyun, Zuo Quoan, Yang Jingyu, and dozens of other heroes who gave all their energy and their very lives to the cause of the national and social emancipation of China's people.

A drawback of this book is the slight imbalance in the distribution of the materials. The section dealing with the Chinese Red Army is oversaturated with facts of varying importance, while the chapter about the Communist Party armed forces during the period of the 1946-1949 Civil War is overly concise, which may be because there are fewer sources available than there are for other periods. It is to be hoped that in further research the author makes a more profound analysis of this part of the history of the Chinese Communist Party's army, especially since it was in the second half of the 1940s that the army turned from the instrument of toppling the former regime into an instrument of defending and building the People's Republic of China.

The book has an extensive and complete supplementary material, including detailed notes, a bibliography, an appendix, maps and tables, and an extensive name index. But in a work of this type a list of geographical names would be useful.

Professor Yuriev's work is imbued with the internationalist spirit typical of Soviet Chinese studies, and a respect for the revolutionary traditions of the Chinese people. This is one of the principal merits of the work, as the great amount of research accomplished to reconstruct the historical developments and the accurate Marxist-Leninist methodological approach. Readers will undoubtedly look forward to the continuation of this research by Professor Yuriev.

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PRESENT-DAY JAPAN

Moscow PROBLEMY DAL'NEGO VOSTOKA in Russian No 3, Jul-Sep 84 (signed to press 29 Aug 84) pp 177-181

[Review by V. B. Ramzes of book "Yaponiya nashikh dney" [The Japan of Our Day], editor-in-chief I. I. Kovalenko, head of writing team A. I. Senatorov, Moscow, Nauka, Glavnaya redaktsiya vostochnoy literatury, 1983, 256 pages]

[Text] It is probable that even the thickest monograph cannot compete with a good reference work in terms of the quantity and variety of facts they contain. If, on the other hand, the reference work is not confined to illustrative functions and contains a thorough analysis of this information, it is all the more valuable as a scientific research work. This is precisely the kind of reference work that has been prepared by this team of authors, including prominent Soviet experts on Japanese affairs.

The compactness of this first work of its kind has been combined successfully with a highly informative text, and a strict methodological approach has been combined with an eloquent and lucid narrative. What we are dealing with here is truly a publication for general use, capable of providing any reader with considerable information about important aspects of life in today's Japan. At the same time, the authors certainly do not oversimplify their subject; on the contrary, they strive to raise the reader to the level of a professional understanding of the problems examined. There are many of these problems, and most of them are quite complex, are subject to constant changes and have far from a single solution.

It would therefore be worthwhile even for experts on Japanese affairs, whether they are historians, economists, political scientists or cultural analysts, to take a careful look at the research findings of their colleagues. They will certainly find much that is interesting, useful and informative, will be stimulated to make creative inquiries and will want to add something to some statements and argue with others. This publication can also be successfully addressed to the Japanese reading public as food for thought about the lessons of the past and present and the thorny path of the future.

The present "popularity" of Japan and everything connected with it does not surprise anyone. But there is certainly no single stereotypical view of Japan. We encounter an extremely broad range of reactions to this multifaceted topic--from dilettantish delight with all sorts of amusing window-dressing to serious

attempts at an independent interpretation of the specific features of the "Japanese phenomenon."

Fortunately, the authors of this work were able to avoid extremes and to display an exemplary balanced approach, which is the only productive one. They have conclusively demonstrated that a principled position and objective observations make the perfect combination and supplement one another, aiding in the comprehension of the essence of conflicting appearances. A particularly impressive feature of the book is the interrelated nature of all of its sections, guiding the reader along the path of independent and entertaining combinations of specific details, which seem to exist separately but then evolve into clear and precise generalizations under the unobtrusive influence of the authors.

The description of the driving forces of the Japanese economy, which experienced an "age of miracles," then was stricken by the protracted crisis of the 1970's and has now entered one of the most sweeping structural reorganizations, is particularly indicative from this standpoint. The general outline of the research is structured in accordance with this three-stage chronology. The narrative begins with specific features of occupational, technical and capital potential, followed by the gradual addition of more and more new significant details to the discussion.

The publication under review contains a vivid description of the Japanese labor force--a skillful builder, but as yet, alas, not the administrator of national wealth! The traditional Japanese system of combining moral and material incentives for hired labor, which plays a primary role in the economy and guarantees the constant and considerable augmentation of labor productivity while camouflaging capitalist exploitation, is examined in a far from traditional way.

The stimulation of the worker's labor output is frequently associated with agitation and excitation somewhere close to the lathe. This kind of "cavalry" attack on the worker's mentality, however, is usually either unproductive or destructive. The steady effectiveness of the Japanese type of stimulation (and Japan is confidently in the lead of all the highly developed capitalist countries in terms of productivity growth rates, see p 103) stems from the fact that the preparation of the individual for intensive labor begins long before he enters the production sphere and is an organic part of the many years of "conditioning" undergone by the younger generation.

Of course, for a long time this was facilitated by the disciplinary influence of feudal and semifeudal family relations, the great strength of patriarchal and paternalist traditions, the almost inherent group loyalty, the unassuming nature of daily needs, etc. Now, however, there is a craving for the increasing emancipation of family members, the development of individualistic beliefs and the tendency to fall prey to material temptations. Under the pressure of economic need, business groups have also had to give up some of their paternalistic practices.

All of this has led to a genuine hunt for new methods of sustaining the smooth functioning of the labor incentive mechanism.

The reference work contains vivid descriptions of the subtle methods of ideological conditioning introduced by corporate experts in human relations (pp 114-115) and a demonstration of the important role played in this process by the part of the educational reform pertaining to curriculum (pp 224-225).

Changes in the curriculum at every level of the vertical structure of academic institutions can be indisputably contradictory, can lead to many miscalculations and could even give rise to social ostracism in a society dominated by capitalist relations, primarily the ostracism of members of underprivileged strata. As a carefully and gradually applied means of heightening the effectiveness of labor, however, the differentiated approach to students with varying capabilities is something like a dictate of the times. For Japan it is of particular value because the mass worker occupations here are evolving into highly intellectual professions requiring original ideas, unbiased judgements and independent decisions.

It is easy to see that the restructuring of the professional composition of the labor force is a result of sweeping changes in the technical level of the Japanese economy. The continuous updating of equipment is one of the salient features of the 40 postwar years. For all of these years, the incorporation of new equipment in production has rested on a flexible combination of imports and Japan's own research projects, which have had a more nurturing than restrictive effect on one another. In spite of the increasing intractability of overseas contracting partners who were too late in realizing the dangers inherent in transmitting samples and experience to a serious rival, Japan increased its average annual license purchases from 102 in the 1950's to 620 in the 1960's, 1,614 in the 1970's and over 1,700 at the beginning of the 1980's (p 105). Furthermore, the majority of new models and technological processes are the result of "domestic" efforts.

Within an extremely short period of time, technical progress allowed the country to first redirect key industries toward the mass production of standardized products and then incorporate production systems for the manufacture of small series and even individual items at low overhead costs. But these achievements, no matter how impressive they may seem, cannot compare with the present use of robots and, in particular, the computerization of the economy. The opportunities created in the past, evident now and foreseeable in the near future as a result of these processes testify to the maturation of something like a new material civilization. The information in this reference work provides an in-depth look at these processes in present-day Japan.

The extensive use of robots and computers in production indicate its colossal acceleration. In addition to this, it means that the majority of capital investments, which Japan has used more effectively than the other main capitalist countries, can be transferred to highly technological and scientific industries, distinguishing the new economic leaders, and can be transferred out of the country for the dramatic reduction of Japan's dependence on production units with high energy, material and labor requirements and for the conservation of all types of resources (pp 62, 93-94).

The new trends in the Japanese economy are not only present in branches of physical production. The Japanese economy is also turning into a "service

economy." According to data for the early 1980's, services account for almost 60 percent of Japan's national income. And it is precisely in the sphere of services (in the broad sense of the term--that is, including education, public health, information and leisure services) that robots and computers are being used on increasingly broad scales.

The practice of quickly and constantly "skimming the cream" off the top of productive basic and applied R & D is one of the most important guarantees of successful production. "To heighten the impact of their efforts to secure the competitive potential of their goods in domestic and foreign markets," we read in this work, "Japanese monopolies actively incorporate all of the latest scientific and technical achievements, constantly update equipment and easily discard obsolete but physically still suitable machines, instruments and tools" (p 109).

As a result of Japan's defeat in World War II and the prohibition of military industry, technical progress in this country had a clearly defined consumer purpose for a long time. This feature, unique among the highly developed capitalist countries, warrants close attention during the analysis of the causes of the relatively rapid growth of Japan's domestic market and its inundation with commodities, primarily durable goods, at more or less accessible prices (p 118).

Computerization gives rise to absolutely new objects of consumer demand and the beginnings of new consumer preferences. Ample evidence of this can be seen in the gradual incorporation of integrated circuits, on the basis of which direct and reciprocal contacts (for example, the transmission of relevant information and the receipt of instructions or orders) are established with the aid of computers, television sets, telephones and special peripheral equipment between banks, stores and other service enterprises on one side and consumers at home on the other, and between individual consumers (for example, the exchange of facsimile correspondence).

Unfortunately, the unequivocal consumer aims of technical progress are a thing of the past. On the orders of influential members of the ruling elite, a constantly increasing portion of national creative energy and financial resources is being wasted on military projects. The list of research projects includes work on laser weapons, a personnel carrier with a 30-mm machine gun and antitank missiles, depth mines, a tank with a 120-mm smooth bore gun, a supersonic fighter, antiaircraft missiles and so forth (p 166).

The hopes (if they exist) that technical progress can satisfy military needs without injuring civilian ones are completely illusory. The Japanese masses are already losing a considerable portion of the product of their labor. Each consecutive step in the militarization of production and science invisibly but inexorably takes the country closer to the crucial point at which the entire infrastructure supporting normal personal consumption will quickly collapse.

It is therefore not surprising that this problem, which is one of the elements of the overall process of militarization, is a central issue in the struggle between the progressive and conservative camps, along with such social consequences of technical progress in the capitalist society as the compounding of labor intensity and the growth of unemployment.

The analysis conducted by the authors of this work leads them to a significant conclusion about the specific features of this struggle: "For a long time the domestic political situation in Japan, in spite of all its fluctuations, has been distinguished by something like a fragile balance between the Liberal Democratic Party and opposition forces. This balance can be described as the following: The opposition is incapable of winning the parliamentary majority needed to oust the Liberal Democrats, and the LDP cannot win the two-thirds of the parliamentary seats needed to amend the constitution for the purpose of restricting the democratic gains of the laboring public. The struggle between the two camps to change this balance permeates all postwar life in Japan" (p 154).

Therefore, there is a balance.... But what is it worth? This is not at all an idle question. After all, in politics there are balances and there are balances. It might not only stem from differences in the absolute strength (or weakness) of political rivals, but can also take a form typical of the "no-win game," as in mah-jong, where the advantages of some partners can "balance" the disadvantages of others.

It is obvious that the balance in Japanese domestic politics is the second type. It is simplest of all to conclude that the many years of the LDP's continuous presence at the helm of government testify to the party's unshakable supremacy. Western newspapers and monographs frequently express the frank opinion that Japan has no effective opposition--that is, one or several parties capable of taking on the burden of public administration, even with a parliamentary majority. This opinion stems from the assumption that the opposition has completely lost these capabilities as a result of its constant and exclusive concentration on criticism of the government and has no experience in the routine management of government affairs. It is not surprising that Liberal Democrats have enthusiastically and successfully fostered this assumption in their propaganda.

The actual domestic political balance is, however, much more complex. In particular, the effectiveness of the opposition can be judged from the number of plans, which have been proposed by reactionary forces but have never reached the stage of implementation, to discard the "peaceful" Article 9 of the constitution, reduce parliament's authority, revise the structure of local government agencies, raise military spending above the limit of 1 percent of the GNP, and so forth (pp 46, 49, 57, 163).

And what is most indicative is that the opposition has been able to block these plans, despite the differences eroding its ranks: Leftist and centrist parties, labor unions and even organizations in the peace movement and the movement for friendship with the Soviet Union usually act in isolation from one another or are in a state of confrontation (pp 122, 148, 159, 216-217). There is no question that their unity would guarantee the opposition more impressive achievements.

The underlying motives of the ideological offensive the LDP is trying to organize in many areas are also noteworthy. For example, the classes in "moral education" which were removed from school curricula in 1947 because

of their nationalist nature are now part of the curricula again; public opinion is being molded to suppress antiwar feelings; the myth of the Soviet "military threat" is being circulated; traditional cultural values are being overemphasized; more pressure is being exerted on the mass media, and so forth (pp 167-168, 211, 226, 240, 253).

The unconcealed purpose of this reactionary offensive is "to tighten all the screws." Totalitarian (and not bourgeois-democratic) governments usually resort to this kind of tactic when national affairs are taking a turn to their detriment and when public attention must be diverted immediately from vital issues to any handy phantom. And if the respectable and conservative LDP is arming itself with this kind of policy, it is certainly not because of its "iron-clad" confidence in its own strength and in a serene future, but because of the discomfort it is experiencing in its seemingly unassailable political position.

The opposition camp's realization of this fact does not give it cause for complacency or self-satisfaction. The pressure it is exerting on the foundations of LDP domestic policy is perceptible but inadequate. As for foreign policy, the opposition sometimes displays inexplicable passivity, less tenacity in the struggle for the initiative, or even, in some matters of little importance, agreement with the ruling party.

Several tendencies in Japanese foreign policy, however, have appeared disturbing and alarming, especially in recent years.

The country's physico-geographic parameters (small territory and high population density), the nature of its economic operations (the processing of raw materials imported from all over the world) and its past experience (the catastrophic war and the occupation of 1945) literally shriek out the need for the unconditional subordination of foreign policy to the interests of peace. This need does not conflict in the least with Japan's understandable desire to play a political role commensurate with its economic strength in the world. But the attempt to make this desire the basis of a military strategy and to associate it with the buildup of military potential, active involvement in military alliances and, finally, the cultivation of hostility toward neighboring countries, especially the USSR, looks like a monstrous anachronism.

The policy reflecting this attempt, as the authors of this work stress, "is fundamentally contrary to the hopes and wishes of the broad Japanese masses, who are resolutely in favor of the radical revision (of this policy--V. R.)... and the establishment of truly friendly, good-neighbor relations with all countries, regardless of their socioeconomic structure, as the only reliable way of safeguarding Japan's security and peace" (p 197).

The authors of this work were guided by a desire for deeper mutual understanding between our two countries and a wish to promote the development of their friendship. There is no question that the work will occupy a prominent place among studies of Japan and will not spend much time on store or library shelves.

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REFLECTED IN THE GOLD OF OTHERS

Moscow FAR EASTERN AFFAIRS in English No 4, Oct-Dec 84 pp 120-124

[Review by Professor V. S. Myasnikov, doctor of historical sciences, of book "Pozolochennoye getto. Ocherki o zhizni v SShA emigrantov iz Kitaya, Korei i Yaponii" [The Gilded Ghetto. Essays on the Life of Chinese, Korean and Japanese Immigrants in the United States] by Ye. P. Sevast'yanov and N. Ye. Korsakova, Moscow, Nauka, Glavnaya redaktsiya vostochnoy literatury, 1983, 168 pages]

The Chinese name for San Francisco is the City of the Old Gold Mountain. Like many other American cities, it has a Chinatown—a sprawling area readily recognised

by the Chinese and English lettering on its street signs, and on store and restaurant sign-boards. Drove of tourists are attracted by their exotica, and they frequently catch the attention of politicians, the press and law enforcement agencies. Few, however, can hope to understand their way of life, unravel the strings of their business and political activity, or sympathise with the aspiration of the working people living there. Although city blocks in which Korean and Japanese immigrants live are outwardly very much like the Chinatowns, there are important differences. Soviet Orientalists E. P. Sevastyanov and N. E. Korsakova have succeeded in breaching the "Chinese Wall" of

alienation which separates the Far Eastern immigrants from most Americans of European descent, and from all others who ethnically do not "fit in" the life of America's Far Eastern communities. The authors describe their experiences in the form of highly readable essays about the life of Chinese, Korean and Japanese immigrants in the USA.

The authors concentrate on central problems of Asian immigrants' life in the USA such as the historical conditions of their appearance in the country; relations between the different ethnic groups against the background of America's vaunted democracy; the Chinese, Korean and Japanese immigrants' economic position and role in American politics; ideological trends, and the immigrants' ties with their countries of origin.

Most of the first Far Eastern immigrants to set foot on the West Coast in the mid-19th century were refugees from Southern China who fled the part of the country after it was laid waste following the crushing of the Tai Ping uprising. Despite the harsh measures of Manchuria's authorities, which until 1860 forbade the emperor's subjects to leave the country, the unbelievable hardships which China's working people had to suffer at the hands of the Manchu oppressors and West European colonialists forced many unfortunates to leave their homes for America. Those were the years of the "gold rush" in that far-off country, the crisis of slavery and the eve of the Civil War. However, all that was visible from the other side of the ocean were Sierra Nevada's "mountains of gold", while San Francisco was heralded throughout China as a place of untold riches. What America needed, though, were not fortune hunters—there were more than enough of them already—but hands for building railways, tilling fields and operating machines at tobacco, textile and shoe factories. That was the lot that awaited most Chinese immigrants or huaqiao.

In the 1860s the huaqiao were joined by Japanese immigrants, also known as issei. However, the pace of immigration from Japan was different. Whereas according to the 1880 census there were 105,000 Chinese in the USA, with 75,000 residing in California (p. 12), only 148 Japanese were registered (p. 133). The explanation is that the socio-economic conditions for mass emigration from Japan did not emerge until the end of the 19th century as a result of the country's transition to capitalism.

The first ship carrying Korean immigrants started off on its ocean voyage in December 1902. Poverty and the lack of rights, exacerbated by the famine that struck the country, made Korean working people easy prey for American recruiters who signed them up as labourers for Hawaii's sugar plantations. There they joined the Japanese immigrants, who constituted 73.5 per cent of the plantation workforce. Wishing to try their luck on the North American continent, Korean immigrants moved into the Los Angeles and San Francisco areas. At first, like other settlers from Asia, they tended to congregate in compact ethnic enclaves. Towards the end of the 1910s there were about 12,000 Koreans in the USA, with only 31 of them residing east of the Rockies (pp. 80, 81).

As soon as they arrived in the USA, Chinese immigrants became the target of discrimination and persecution. The American bourgeoisie set workers of different nationalities against each other, to try and divert them from class struggle against their exploiters. Growing unemployment was blamed on Chinese coolies, and monstrous accusations were levelled against other Chinese immigrants. California's Republican politicians demanded a ban on "the admission of manual labour from the Orient," while the Democrats wanted "the expulsion of all Chinese" and a ban on their owning land. The anti-Chinese campaign of the 1850s was crowned with vicious pogroms in California under the slogan "Bash the Chinks and Send them Packing!" And, indeed, Chinese were "bashed, lynched, shot and hanged, until the survivors huddled together in crowded ghettos in a few big cities" p. 12).

The treatment reserved for Japanese immigrants by America's powers that be was equally cruel. As California's Governor Gage said in 1901, the threat emanating from the immigration of Chinese labour had been supplemented by a similar threat of unlimited immigration of Japanese manual labour. Koreans also became the target of racist attacks. The racist League for the Expulsion of Asians, set up in 1905, launched a programme for "the preservation of the white race on American soil" through "all kinds of measures to prevent or minimise Asians' immigration to America" (p. 135). In 1911, 1913 and 1915 American legislators discussed proposals for a ban on Korean immigration, which allegedly created a threat "no less serious" than that of the

Japanese immigrants, and added to the gravity of the "yellow peril" (p. 82).

Racism is still alive in today's America, although among the ruling elite one might come across some who do not profess it. Nevertheless, although often hidden from the eyes of strangers like all other shameful things, the mad dog of racism is kept ready by the ruling class, to be unleashed whenever it is thought suitable. The creation of concentration camps for Japanese immigrants during World War Two produced a crisis of faith in American democracy among the Japanese community. After the war ethnic Japanese in America had their own Hiroshima and Nagasaki—looted homes, trampled fields and "Japs Go Home!" posters (p. 124).

The victory of the people's revolution in China produced a wave of anti-Chinese sentiment in the USA, which immediately affected the ethnic Chinese in the country. According to opinion polls, up to the early 1970s only 0.5 per cent of Americans considered Chinese to be "honest". Twelve states have not repealed legislation, dating back to the mid-19th century, prohibiting the employment of ethnic Chinese and reserving harsh punishment (prison terms of between one and ten years, or heavy fines) for those who marry Chinese nationals (p. 21). Although there has been a considerable change in the tone of official propaganda since the establishment of diplomatic relations with the PRC in 1972, the man in the street still clings to a negative stereotype of the Chinese. This image is kept alive by books and films of a certain kind, with deplorable consequences for Chinese-Americans.

The medical and legal professions are almost beyond the reach of Chinese-Americans, for they find it exceedingly difficult to enrol in schools of medicine and law, or join American medical and law associations, without which it is impossible to practice. As a result ethnic Chinese-Americans account for only 0.2 per cent of the doctors and 0.1 per cent of the lawyers in the USA. First-generation immigrants are in an especially difficult situation: 54 per cent of doctors, journalists and lawyers in this category cannot find suitable employment and have to work as messengers, waiters, janitors and the like (p. 25).

The analysis of vast factual material has enabled Sevast'yanov and Korsakova to draw a justified conclusion: "There is no love lost between Americans and their ethnic Chinese

compatriots. There is only racism and enmity" (p. 25). The conclusion equally applies to the relations between native white Americans on the one hand and ethnic Japanese and Koreans on the other.

There is growing proprietary and social stratification within the East Asian communities themselves. Local Chinese, Japanese and Korean bourgeoisie use different methods, including ethnic corporate ties, to consolidate their positions on the North American continent. Chinese-Americans own about 12,000 businesses in the USA. Most of them are small or medium-sized, with 52 per cent having an annual income of less than US \$55,000. Most ethnic Korean-owned businesses fall in the same category: 80 per cent of them do not use hired labour, and the remaining 20 per cent have an average of six employees. Most of the businesses are restaurants, wine and food stores, and stores specialising in selling garments, wigs, medicines and souvenirs made in South Korea. Small Japanese merchants also survived on American soil thanks to corporatism, which made the Japanese community the most prosperous of the three East Asian ethnic groups. But despite this fact, about 28 per cent of first-generation immigrants cannot find suitable employment, while another 20 per cent are unemployed. In the Korean community more than 60 per cent, including 30 per cent of the petty bourgeoisie, have incomes below the official poverty level. Forty five per cent of Chinese ghetto residents are officially classified as poor.

The social contrasts in America's Asian communities have left their imprint on the immigrants' participation in political life. The ethnic bourgeoisie is in the forefront of political activity. The example of H. Fong, Hawaii's congressman for about 20 years, shows that a Chinese millionaire can even become a US senator. However, the reality of the Asian ethnic communities' political life is such that only a small fraction of Chinese, Japanese and Koreans enter into political contact with white America, with the remaining vast majority of the communities being "culturally and emotionally isolated". Besides, usually the only motive for participation in political life is to strengthen the positions of ethnic Asian capital or influence the attitude of the US government to the country of origin. With this in view, those about to enter the political scene seek moral and even financial

support from the governments of South Korea, Japan, Taiwan or the PRC. It might be added that figures from time to time appearing on the US political horizon are not really concerned about serving their communities' interests. An example is the case involving South Korean businessman Pak Ton Sun, aptly described as the "Seoul Watergate". Pak Ton Sun, an agent of the South Korean CIA, used his contacts with influential Washington politicians to obtain billions in "aid" to South Korea from the US government, for which the legislators were handsomely paid. The affair was bound to affect the Americans' attitude to the Korean community as a whole.

The Japanese ethnic community, numbering about 800,000, has made the greatest inroads into American politics. The Japanese community consists mainly of people born in the USA, who are, as a consequence, predominantly American citizens. Many Japanese Americans have secondary or higher education. The community has its representatives in top government agencies. In Hawaii for the past few decades, the governor, Mayor of Honolulu, senators and congressmen have been local Japanese. The explanation is that, becoming part of the US establishment, the Japanese bourgeoisie alienates itself from national traditions, customs and interests. "The life of Japanese Americans", note the authors, "has little to do with international politics and Japan. They are more interested in careers and accumulating wealth; they are engrossed in local political intrigue and competitive struggle. Their Japanese origin can only be seen in the fact that the senator likes to spend his evenings in front of a fire in a kimono; the mayor is an ikebana fancier; and the vice-president of a major corporation is partial to sasimi (raw fish Japanese style)" (p. 157).

The Chinese bourgeoisie is a different matter altogether. The authors cite a characteristic statement by Ann Chennolt, a prominent figure and widow of a US Air Force general: "Americans of Chinese origin must preserve their cultural heritage, this is our prime duty and the most pressing task... Today, Chinese Americans have finally realised the importance of being able to speak and read Chinese, and talking Chinese to American friends" (pp. 50-51). This and similar statements express the concept that Chinese must not be assimilated in the American environment and that there must be a certain limit to their Americanisation. In

reality "less than a third of the ethnic Chinese are interested in the language of their ancestors or in their country of origin".

It is not only the vocal advocates of nationalism among Far Eastern immigrants who are worried about Americanisation. Influential forces in the three countries of origin are also interested in preserving their "cultural heritage". For example, South Korean authorities use secret agents to establish their control over Korean immigrants in the USA and to prevent the consolidation of forces opposed to the regime.

The Taipei authorities also have several reasons to exert an influence on ethnic Chinese in the USA. Taipei wants to use them as a Taiwan lobby in Washington's "corridors of power" so that rich Chinese Americans invested in the island's economy and facilitated the export of commodities and capital to the American continent. And last but not least, the Chinese community in the USA is a major source of scientific and technical personnel for the island. Guomindang authorities also use Chinese Americans to collect intelligence and conduct acts of sabotage in the PRC. However, in the past few years, there has been a considerable decline in the activities of the Taiwan lobby. Chinese big business in America is setting its sights on trade with the PRC in order to preserve its influence on the mass of ethnic Chinese, and to keep on making money.

The absence of illustrations in Sevast'yanov's and Korsakova's book is compensated by literary sketches. The authors have succeeded in conveying the atmosphere of immigrant areas in American cities. They have drawn memorable portraits of the Korean Tsoi, who tried to open his own restaurant, and the Chinese Liu Wa'Gel, who took the authors to the labyrinths of the so-called White Sun secret society. Broadly differing in personal traits and social status, the people described by the authors have one thing in common: they want to gain a place under the sun. *Tianxia wei gong*—the celestial empire belongs to all. These words of Sun Yatsen are seen on the gateway to San Francisco's Chinatown. America belongs to white Americans, while the ghettos and slums belong to the ethnic Chinese, Japanese and Koreans. It is from the ghettos that they see the glitter of white America's gold: neon lights, luxury hotels and limousines, and rich tourists eager to stuff themselves on national cuisine and acquire exotic souvenirs.

Slowly but inexorably, America has melted their national consciousness into class consciousness: they are beginning to realise that what they need to improve their situation is not to chase the non-existent Firebird with its gold feathers, but to forge closer unity with America's working people regardless of the colour of their skin.

A book does not exhaust words, words do not exhaust thoughts. This Chinese saying,

less applicable to Sevastyanov's and Korsakova's book than to this writer, means that in a short review it is difficult to do justice to many years of observation and hard work. What remains is to recommend this interesting and useful book to the reading public.

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BOOK ABOUT CHINESE ECONOMY

Moscow FAR EASTERN AFFAIRS in English No 4, Oct-Dec 84 pp 124-126

[Review by V. I. Potapov, candidate of economic sciences, of book "Ocherk ekonomiki sovremennogo Kitaya" [Essay on Economy of Present-Day China] by G. A. Ganshin, Moscow, Mysl', 1982, 316 pages]

The People's Republic of China is 35 years old. Over the years its economy has undergone profound changes. The problems that China has encountered in its economic development are an important indicator of the state of its economy and society. That is why students of today's China—economists, sociologists and historians pay close attention to the current processes in its social and economic life.

In this respect, *Essay on the Economy of Today's China* is of great interest, since Ganshin has written several books and papers on China's economy.

The book's aim, as stated in the introduction, is "...to provide a short but rather comprehensive description of the state of China's economy, the level of its production and technology and prospects for the development of its major industries" (p. 3). The author achieves his objective via a thorough analysis of the Chinese leadership's economic policy, demonstrating its evolution and the impact on socio-economic processes during different periods of China's history.

According to the author, the founding of the People's Republic of China, its successful socio-economic development in the end of the restoration period (1949-1952), and the strengthening of its international positions created objective conditions for socialist transformations. The Central Committee of

the Communist Party of China elaborated a general policy of transition to socialism. The principal tasks of this general policy, which were to be implemented within 15 years—i.e., three five-year periods—were socialist industrialisation, and socialist transformations in agriculture, the handicrafts, private trade and industry.

The author shows convincingly how the Soviet Union consistently developed its relations with China on the basis of proletarian internationalism, generously shared its experience, and increased its economic aid to the young state with credits and supplies of equipment for large modern industrial enterprises. As a result, the enterprises built with the help of the Soviet Union constituted the core of the basic industries which produce means of production (p. 68).

The first five-year period (1953-1957) played an important role in China's development. Those years saw the establishment of the public sector which came to dominate basic industries, modern transport and communications, the sphere of finance and crediting, the organisation of agriculture and handicrafts into cooperatives, and changes in private industry. The result was that by the end of this five-year period, state, cooperative and mixed (state and private) enterprises accounted for about 95 per cent of the GNP, with individual farms and artisans accounting for only 5 per cent (p. 63). During those years some 450 large industrial projects and medium and small enterprises were built, doubling the country's fixed assets of industry and the share of modern industry in the gross industrial output rose to 40 per cent in 1957 against 27 per cent in 1952 (p. 61).

The author emphasises that the 8th CPC Congress (1956) was a gathering where

Chinese communists displayed in general a Marxist-Leninist approach to the questions of building the new society. The congress defined China's forthcoming tasks during its advance toward socialism.

These decisions, however, were almost entirely overturned within a year and a half, because of the policy of the "great leap" in production designed to attain socialism and eventually Communism more rapidly than envisaged previously. According to the author, the principal objective of that policy was to obviate the laws of social development ignoring the country's potential and the global experience of economic development, and to ensure affluent industrial and agricultural production within a short period. Under the revised five-year plan, industrial output was to increase six-fold, and the production of cereals was to reach 525 million tons in 1959 compared with 185 million tons in 1957. Within several months, all Chinese peasants were united in "people's communes".

As the author justly observes the "great leap" and the "people's communes" were a voluntarist experiment whose implications went beyond the purely economic sphere. They included a range of measures designed to transform the system of socio-economic relations, the system of distribution of the social product and the entire economic structure. Military bureaucratic methods were to be imposed on the organisation of both urban and rural life. The "great leap" completely destabilised the country's economy by slowing down its development rates for many years to come. China's leaders were forced to abandon the experiment and take urgent measures to remedy the situation. A five-year period of "readjustment" was needed to rebuild the country's economy (1961-1965).

But China's economy which still felt the impact of the "great leap" was to go through yet another ordeal. In 1966 the "cultural revolution" began which, as the Chinese leaders admitted, brought the country's economy "to the verge of catastrophe".

With the adoption of the programme of "four modernisations" (modernisation of agriculture, industry, science and technology and the military sphere) the country's economy developed even closer links with the capitalist world, primarily the USA. The 2nd session of the National People's Congress adopted a policy of "readjustment, transforming, bringing into order and

heightening the level of the economy" initially covering three years (1979-1981). The author justly concludes that this policy signified the price that the Chinese leaders had to pay for the many years in which they ignored objective economic laws and common sense, and the vital interests of the Chinese people.

The three years of "readjustment" were clearly insufficient to solve the country's economic problems. Some extensive measures designed to redistribute financial means among economic sectors, to remedy the situation in the sphere of material incentives, and to use money-commodity relations, etc., have helped revive the economy in general, boosted the production of consumer goods and improved somewhat their distribution among the enormous population. However the economic situation is still complex and unstable: there are still intersectoral disproportions, extremely slow rates of growth of labour productivity and production effectiveness, a disorganised economic mechanism and system of management, etc. It was recognised that the country still lacked the necessary conditions for the proposed nation-wide economic reform. That was why the 4th session of the National People's Congress was forced to admit that "five years or even more are needed to normalise the national economy".¹

The author demonstrates conclusively that the overall low living standards have not essentially changed after more than 20 years of the Chinese leadership's economic policy. According to the author, the absence of a long-term scientifically substantiated economic development programme which would make production more effective and provide a fundamental solution to the country's acute socio-economic problems is a major roadblock to the development of the Chinese economy.

Of special interest is Chapter III entitled "Economic System and Economic Policy of the People's Republic of China Under Present Conditions". The author provides a detailed analysis of certain new features of the Chinese leaders' economic policy: the return to a multi-structured economy; activation of private enterprise; disintegration of collective property in villages; establishment of mixed enterprises with national and foreign capital; the use of monopoly capital in the sphere of production, etc. The author

¹ *Renmin ribao*, Dec. 14, 1981.

concludes that the new elements of the economic policy "contain some positive features in the sense that they help achieve a temporary economic revival and ease the tension in the sphere of distribution of important consumer goods". However he believes that these measures may arrest China's socio-economic development in the long run and deprive it of socialist prospects (p. 313).

A substantial portion of the book is devoted to concrete economic questions. The author's analysis of the material and technical base of the economy, its structure, the rates of growth of industry, agriculture, transport and other sectors, and living standards leads to the conclusion that China's economy has great potential for development: a vast territory with many natural resources, great hydro-electric power resources, the presence of undeveloped arable lands whose area is equal to presently cultivated land, enormous manpower, etc.

This potential was extensively exploited during the initial stage of the republic's existence when it embarked on the socialist way of development. A significant factor in the economic development of the People's Republic of China was the aid of the Soviet Union and other socialist countries. The long-term development plans—the second five-year plan (1958-1962), the twelve-year programme for the development of agriculture (1956-1967)—created good conditions for China's economic development. The author argues that had not China deviated from the path it had chosen, its economic growth would have been far greater than it is at present. However, the disruption of the economic development generated many complex problems in every sphere of the country's economy. The author's analysis of the shifting emphasis in socio-economic policy and in the development of some sectors of national economy which occurred in the past 35 years throws some light on the causes of China's difficult economic situation.

The chapter on China's foreign economic ties occupies an important place in the book.

As the author notes, this is a sphere where the nature of the Chinese leadership's foreign policy is most evident (p. 273). In addition to a detailed description of China's foreign trade, this chapter focusses on different forms of China's economic relations with capitalist countries: attraction of foreign capital to develop certain coastal regions, and the so-called "special economic zones" (obtaining of credits, mixed enterprises, etc.). Given the present political course, this kind of active cooperation with monopoly capital, concludes the author, may result in China becoming more economically and politically dependent on imperialism.

On the whole, we should note the work's theoretical value and political orientation based on solid principles. This was made possible thanks to the careful selection, systemisation and generalisation of extensive documentary information and economic statistics. The author's personal experience of many years of work in China also aided his endeavour.

What makes this book so attractive is that, despite being relatively short, it provides a very valuable and multifaceted picture of the Chinese economy at this moment. This is a comprehensive study which, in addition to an analysis of the economic policy and of the evolution of the present economic structure, contains a description of all economic sectors—from industry to trade and finance—and considers various aspects of the Chinese workers' living and cultural standards. What is important is that the author has successfully managed to achieve a happy union of a profound analysis of complex economic problems and a popular manner of presentation.

The book may be expected to cause great interest among scholars, post-graduates and students of the Chinese economy and the country in general; it is certain to be of service to the wider public: social scientists, political workers and lecturers.

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SOVIET-JAPANESE ECONOMIC RELATIONS

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[Review by Yu. Ye. Bugayev of book "Sovetsko-yaponskiye ekonomicheskkiye otnosheniya" [Soviet-Japanese Economic Relations] by M. N. Krupyanko, Moscow, Nauka, 1982, 250 pages]

Relations between the USSR and Japan largely determine developments in the Far East and Asia as a whole. When they are good, the political climate in the Asian-Pacific region benefits, but when they are bad (which we are witnessing today), the result is higher tension and a destabilisation of the situation in general.

Soviet-Japanese economic contacts are an important factor in their relations. Japan is one of the Soviet Union's major economic and trade partners, ranking fifth after West Germany, Finland, France and Italy.

The study of Soviet-Japanese economic relations, and their current forms and benefit to the economies is of great importance in improving them, expanding them, and using the most rational aspects for economic relations with other countries. It should be noted that Krupyanko's book is the first systematic analysis of the various aspects of Soviet-Japanese economic relations in their historical context.

The author provides an extensive account of past Soviet-Japanese economic relations and the situation today. He examines in detail the evolution of the organisational and legal forms of economic contacts pointing out that they are based on equality and mutual advantage. Throughout the monograph Krupyanko upholds the idea that the Soviet Union pursues a principled and consistent policy of allround and mutually advantageous cooperation with Japan in the interests of the two countries, of peace and security in the Far East.

The author naturally concentrates on current features of Soviet-Japanese trade and economic cooperation. He closely examines the pattern of Soviet-Japanese trade and its dynamics, the specific features of coastal trade and, most important, the new and more advanced forms of economic intercourse which developed in the 1970s—particularly, cooperation in developing the natural resources of Siberia and the Far East.

Soviet-Japanese trade relations in the 1970s progressed against the background of the unprecedented broadening of trade between the socialist and the capitalist countries. Between 1970 and 1980 alone, Soviet trade with the advanced capitalist countries grew from 4,700 million to 31,500 million roubles—an increase of 570 per cent. The overall growth in Soviet foreign trade was 320 per cent. Of course, these figures reflected to a certain degree the world market higher prices of recent years. Nevertheless, the author justly says that "the increase in trade ... was determined by more active commodity flows produced by the further international division of labour, the tangible political changes in the world, and the beginning of the turn from the cold war and explosion-prone confrontation to detente" (p. 56).

The figures for 1971-1980, cited in the book, show a steady although uneven trade growth between the two countries. In the first half of the period trade developed rapidly. So, between 1971 and 1975 (the years of the second five-year agreement on commodity turnover and payments) the overall growth was 130 per cent compared with the preceding period. Soviet exports nearly doubled, and imports trebled. As a result, Japan's share of Soviet foreign trade was 3.8 per cent in 1975, compared with

3.1 per cent in 1971. Japan was the Soviet Union's first partner among the developed capitalist countries. Krupyanko singles out the USSR's successful peace "offensive", which helped to considerably ease world tensions, as an objective factor facilitating the rapid development of Soviet-Japanese economic and trade relations. These were also stimulated by the economic situation in the leading capitalist countries, which sharply became worse in the mid-1970s. Japan's chief rivals, the American monopolies and the Common Market, imposed restrictions on Japanese exports, thus prompting the Japanese business community to look more actively for wider economic contacts with the socialist countries, above all the Soviet Union which is Japan's neighbour. This factor also applies to the 1980s. The heightened contradictions between Japan and its main rivals on the world market and successive "trade wars" with the USA and other advanced capitalist countries forced Japanese businessmen to turn to the Soviet Union, despite the recently deteriorating political situation.

Japan's interest in broader trade and economic contacts with the Soviet Union was once again demonstrated in February 1983, when the most representative Japanese economic delegation ever visited the USSR. It consisted of over 250 executives of major firms and companies, which determine how economy develops. It was decided to hold annual Soviet-Japanese meetings on trade and economic cooperation. Shigeo Nagano, head of the delegation, compared the results of the talks in Moscow with "good seeds that will put out good shoots and bear good fruit both in trade and in promoting good-neighbourly relations and mutual understanding between Japan and the USSR".¹

Let us return to analysis of Japanese-Soviet trade in the 1970s. It is worth noting that the outlined prospects for extended Soviet-Japanese trade and economic cooperation were greatly thwarted in the latter half of the 1970s by negative political factors, heightened opposition to international detente by the leading capitalist countries, and more discrimination in trade with the Soviet Union by the USA, Japan and Western Europe. The outcome was that "Japan's share in Soviet trade fell to 2.5 per cent in 1980, compared with 3.8 per cent in 1975, and Japan gradually ceased to be one of the USSR's leading capitalist trade partners" (p. 63).

Krupyanko's study of several internal and external factors which caused unfavourable trends in the development of Soviet-Japanese trade in the late 1970s is of great interest. It was Japan's fault that the general climate of Soviet-Japanese relations sharply worsened. This revealed itself in "a delayed exchange of visits by political leaders and state officials, an unprecedented anti-Soviet campaign in Japan, the fanning of the so-called Soviet military threat, ostentatious pressure on Japanese athletes to make them refuse from participating in Moscow Olympics, the political capital made by the official circles out of the far-fetched 'Afghan problem', and 'economic sanctions' against the USSR" (p. 64). To exhaust the subject, we should mention the "Polish issue" and the South Korean plane incident in September 1983. The Japanese ruling circles stubbornly continue to follow the USA's anti-Soviet and militarist policy, which holdly contradicts Japan's national interests. "Artificial obstacles to Soviet-Japanese trade

in the late 1970s [and early 1980s.—Y. B.]", the author concludes, "slowed down bilateral trade and caused great doubts about Japan being a reliable partner in international cooperation" (p. 65).

It is to Krupyanko's credit that he tried to analyse the prospects of Soviet-Japanese trade and economic cooperation. He concludes that "owing to new tendencies in Japan's import policy in accordance with the structural changes in the Japanese economy, Soviet-Japanese partnership in developing the natural resources of Siberia and the Far East is of particular importance. Apart from joint efforts in developing power resources in Eastern regions agreed to in the 1970s (the Yakutsk gas project and the South Yakutia coal project), and cooperation in developing of the Sakhalin shelf oil deposits, the agreements (on a product compensation basis) on the development of the mining industry and non-ferrous metallurgy, including the working of iron- and copper-ores deposits in East Siberia and the construction of iron-and-steel works, and the joint development of the pulp-and-paper industry in the Far East are very promising" (p. 107).

The analysis of the internal and external factors which have a stimulating or restricting influence on Japan's policy in economic cooperation with the USSR is of much interest.

Whereas in the 1960s trade between Japan and the Soviet Union was complicated primarily by technical and financial difficulties and the need of the partners to know each other better, in the 1970s the problems "were caused not so much by economic factors as by political, stemming from Japan's contradictory and inconsistent policy on long-term economic ties with the Soviet Union" (p. 164). Krupyanko believes that one of the factors negatively influencing the shaping of Tokyo's position on economic contacts with the USSR in the early 1980s is "the desire to support the US anti-Soviet strategy aimed at using economic levers to weaken the world socialist system". It should be noted that Japan always sought the greatest advantage from its following in the wake of US strategy towards the USSR. Krupyanko maintains that it is from this point of view that one should consider the new trends in Tokyo's economic policy towards the socialist countries: tougher discriminatory sanctions against the Soviet Union, on the one hand, and the "flirting" with Peking in trade and economic coopera-

¹ *Pravda*, Feb. 28, 1983.

tion on the other (p. 184). He cites many historical facts to illustrate Japan's shortsighted policy towards the USSR. These are very topical today, especially when the Nakasone Cabinet continues to curtail economic, trade and other ties with the Soviet Union, and is even hardening this policy to demonstrate its "loyalty" to Washington. Under US pressure, Japan is not only part of the policy of "economic sanctions" against the USSR, but has "even outstripped the developed capitalist countries of Western Europe, whose ruling circles do not fully support the US administration's position on aggravating relations with the USSR" (p. 221).

The experience of Soviet cooperation with developed capitalist countries, including Japan, testifies that success is forthcoming when the political and trade conditions for business contacts are favourable. Soviet-Japanese cooperation confirms the correctness of this statement. The postwar history

of Soviet-Japanese relations provides quite a few examples of how the two countries have managed to settle disputes and differences, and to facilitate mutually beneficial cooperation in various spheres, provided they display good will and concern for each other's interests.

Krupyanko concludes that there are necessary objective conditions for the development of extensive long-term Soviet-Japanese trade and economic relations. But to achieve this, both sides have to be diligent and show good will as well as take a clear and businesslike approach with due account of each other's interests. One should also bear in mind that stable Soviet-Japanese trade and economic cooperation will provide a solid foundation on which lasting goodneighbourly relations can be built, contributing to peace in the Far East and the world.

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'CULTURAL REVOLUTION' AS SEEN BY CHINESE WRITERS

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[Review by Z. Yu. Abdrakhmanova of book "Chelovek i yego ten". Sbornik povestey" [Man and His Shadow. Collected Stories] tr. fr. Chinese, compiled, prefaced and annotated by A. N. Zhelokhovtsev, Moscow, Molodaya gvardiya, 1983, 319 pages with illustrations]

of a revival of Chinese literature, which has reflected itself in the appearance of works of genuine quality, particularly in the field of social criticism.

One of the examples is the book *Man and His Shadow*, which appeared towards the end of last year. This collection of stories by modern Chinese authors is viewed by some as a continuation of a similar collection published a year earlier.¹ The reviewed translations into Russian introduce the Soviet reader to modern China's most popular authors, whose prize-winning works have gained both public and critical attention.

The period of the "cultural revolution" in China (1966-1976) has become known as "the black decade". The official policy of morally crushing and physically eliminating intellectuals in general and workers in the arts in particular, along with the encouragement of mediocre scribblers to produce apologetics for the regime, soon resulted in the decline of literature and the arts. It was not until the late 1970s that the situation began to improve. Official cultural and educational policy changed. Many prominent authors were rehabilitated; the best works of Chinese and foreign writers were again in print, and at this time we can even talk

Liu Binyan made a comeback on the literary scene after a hiatus of 22 years to win acclaim both at home and abroad. His short story *People and Werewolves* (1979), as well as *Man and his Shadow*, which appears in this collection, have won literary prizes in China. The story of the main character of *Man and his Shadow*, engineer Zheng Bengzhung is typical of the period described. A talented engineer and organiser, unjustly sentenced during the "cultural revolution", he experienced a complete circle

¹ *People and Werewolves Collected Stories*. Translation from the Chinese (Selected by A. N. Zhelokhovtsev and V. Sorokin), Moscow, Progress Publishers, 1982.

of persecution and humiliation, and found himself an outlaw even after rehabilitation. High-ranking demagogues and spongers try to take advantage of Zheng's integrity, conscientiousness and patriotism, because he is still branded as "a right-wing element". The author highlights his hero's moral staunchness, immutable belief in the people and its civic spirit. Zheng asks the question that haunts the author: "O Motherland, you cannot be so cruel and unjust! Who, then, are they who disgrace you, undermine your healthy body and destroy your sons and daughters? How much longer will you tolerate them?"

It is no accident that *Man and His Shadow* gave its title to the entire collection, for its thrust sets the tone for the whole book. Other authors also deal with the social, political, moral and psychological problems stemming from the "cultural revolution".

The theme of the story which is, in a way, common for other stories of the collection, is the "split" personality. One might say that there are two sides to the main character: "man"—the modest and honest worker, who firmly believes in the ultimate triumph of socialist ideas, and his "shadow"—the chimaeric "ring-wing element", the "people's enemy", who must be "reformed", who is humiliated and trampled underfoot. This tragic duality is the source of drama for the hero and many others like him.

Split personality is also the theme of Wang Meng's story *A Moth*. The form chosen is the inner monologue of the main character, whose life story, along with those of people around him, is unwound in a stream of reminiscences and painful pondering over the past and the future. The hero, a high-ranking official, is "sent to the country" during the "cultural revolution", then rehabilitated and restated in his high office. However, he is haunted with "fateful" questions: how can one explain what has happened? what is he: an important official, or a common peasant, hard-working and undemanding? Zhang recalls the famous Chinese parable about the ancient philosopher Zhuangzi, who dreamt that he was a moth, and when he woke up he could not tell whether Zhuangzi had dreamt that he was a moth, or the moth dreamt that it was Zhuangzi. Finally the hero overcomes this inner split and finds the thread connecting the two sides of his personality: "Although the plane flies high, it took off from the

land, and it is to the land that it is bound to return. Although a man be a moth, he still is the land's son." Zhang realises that he has flown so high only thanks to his people. Therefore, in his high post he must remember and serve the common people. This is how the author attacks the problem of the bureaucratisation of China's domestic life and the rift between party and government leadership on the one hand, and the people on the other.

Although Wang Meng's story is not excitement filled, it grips the reader by its profound psychological insights and the hero's pulsating inner drama. The author writes about people's confusion and dismay at a time when moral values are being rent asunder. At the same time he hails the healthy elements in China which spiritually fortified and matured during the years of disturbance and chaos.

The idea that moral fortitude can only be found amidst the common people, who are the guarantee and the hope of the country's rebirth, is also the highlight of Liu Xinwu's *The Staff of Happiness*. Its central character, the school janitor Shi Yihai, outwardly has nothing out of the ordinary about him. Barely noticed by anybody in his simple daily toil, at the moment of trial he suddenly displays uncommon kindness, generosity and fortitude. At a time of rampant violence and callousness, when many people became embittered and forgot their honour, he preserved his integrity and tried to help others as best he could. His kindness is of the active sort, making him immune to the personal disintegration of around him. Although the hero's life is an unhappy one, the story is optimistic and proclaims belief in the indomitable spirit of the common people.

Among the stories in *Man and His Shadow* is a satire—"The Unofficial Life Story of a Major Author" by Chen Miao. It continues the satirical denunciatory tone of modern Chinese literature, represented by the works of Lu Xun, Lao She, and Zhang Tianyi. The writer portrays a third-rate scribbler and compulsive phrase-monger, whose spinelessness and baseness enabled him to make a dazzling career during the "cultural revolution". His most salient features are surprising about-turns and mimicry. Casting aside convictions and views at will, he adapts easily to any situation. The implication is that only qualities of this kind could help a person keep afloat in tho-

se years. The anti-hero's life is full of sudden zig-zags: he tries to make his mark as a writer by ingratiating himself with a noted litterateur, then betrays his teacher in order to win the trust of a troop leader, then finds himself locked up in a cowshed with representatives of "the black line", and, finally, having penned several "exemplary revolutionary plays", is received by Jiang Qing herself. Although her downfall inevitably affects the hero's fate, he is soon in saddle again, slinging mud at "the old tigers" and other members of "The Gang of Four".

The satirist's pen is merciless and omnipresent. It ridicules not only mediocre writers who were flung to the top by the waves of "the cultural revolution", but also the slapdash techniques of producing mass "revolutionary plays" and other works of dubious literary merit, as well as the simple devices used in launching propaganda drives, extorting public confessions from writers. Other targets of his biting criticism are vulgar sociological preaching in the arts and all-pervasive demagoguery.

The works appearing in the collection form a single whole with its own inner logic and central idea. Realistic and critical in their main thrust, they are united by the authors' desire to draw a picture of the present rather difficult situation in the country, to offer an unbiased analysis of events during and after the "great pogrom", to understand the causes of the tragic dislocations in the social, cultural, moral and

psychological spheres and to think about possible solutions of the urgent problems. Every story in the collection, whatever its genre—publicistic, social psychology, or satire—makes a contribution to this goal.

Among the many books coming from other lands and annually translated into languages of the Soviet Union, this collection of Chinese stories stands out for its topical interest. The events of the recent past and the last few years in China do not allow any single interpretation; the situation in the country defies facile analysis. It is impossible to establish the real alignment of forces or predict future trends without understanding the aspirations and worries of different social strata in today's China, or without insights into the moral and psychological climate in the country. The stories selected provide these very insights. The topicality of the subject does not mean that it is treated superfluously. The writers ponder over the present, looking back into the past and forward into the future. The genuine portrayal of historical events in the stories and their humanism shows that the best traditions of Chinese literary realism are still alive. The groundwork laid by such great modern writers as Lu Xun, Mao Dun, Lao She and Ba Jin, was not shattered by the upheavals of the "cultural revolution". This gives one hope of the complete "recovery" of Chinese culture, and the appearance of interesting new works by China's authors.

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SOCIAL-CLASS STRUCTURE OF JAPANESE SOCIETY

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[Review by V. N. Khlynov of book "Sotsial'no-klassovaya struktura sovremennoy Yaponii" [Social-Class Structure of Present-Day Japan] by Yu. D. Kuznetsov, Moscow, Nauka, Glavnaya redaktsiya vostochnoy literatury, 1983, 200 pages]

mony", prevent acute class conflicts, and thus ensure economic growth and political stability. The country's social relations have been increasingly touted as a panacea for overcoming the antagonisms of the capitalist system.

This demands a truly scientific study of the class structure of Japanese society. Soviet experts on Japan have made such attempts in the past, and Yu. Kuznetsov's book *Social and Class Structure of Modern Japan* is another new contribution.

The book may not be lengthy, but is concise sufficiently to offer a large amount of interesting and important information, carefully chosen and arranged, and meticulous-

When the West tries to explain why Japan has in the past few decades advanced to become a leading power in the capitalist world, it is often claimed that Japanese society is structured in a way that for the first time makes it possible to create "social har-

ly analysed. It helps to form a clear idea of the principal features of the two-way links between the social, economic, political and ideological aspects of Japanese life. The author uses fresh and correct methods to study these links.

As he examines the logic of the long-term developments which, in the final analysis, make the country unique, Kuznetsov says that "social change in modern Japan is rooted far deeper in its history than all its postwar reforms, although their importance should not be on any account underestimated" (p. 9).

The dramatic changes which literally shook Japan in the last thirty years of the 19th century (the Meidji revolution) and in the middle of this century (the country's defeat in World War Two) led to some social groups vanishing and others emerging, resulting in fairly greater social mobility than before. Many of the reforms, proposed and instituted after the Meidji revolution and after World War Two stimulated changes in the social structure as a combination of the many social relationships.

According to the monograph, a symptom of Japanese society's class structure becoming modernised was that growing numbers of Japanese were forced to join the proletariat, that is to sell their labour, between the Meidji government reforms and World War Two, and in the initial postwar decades. This process consisted primarily in the overflow rural population being ousted from the countryside and in the lower strata of the urban petty bourgeoisie going bankrupt. However, 70 years after the Meidji reform, the primary sectors of Japan's economy (agriculture, fishing and forestry) continued to employ nearly twice as much labour as other sectors, such as manufacturing and construction. Light industry, which for its time was antiquated in terms of technology and organisation, tied down a fair portion of the labour force, especially in the textile industry.

Proletarianisation assumed a new form as the 1980s dawned; more than thirty years with their high economic growth rates had gone by since the war. At this time, the manufacturing industry employs three times more labour than the primary sectors. The iron-and-steel, engineering and chemical industries, which rely on the latest achievements of technology and science, account for most of Japan's industrial proletariat.

Services are comfortably ahead of other

sectors in employment growth rates, which explains why they have also been proletarianised. Although they still include a great many small enterprises which somewhat offset this process, it is quite obvious that capitalist relations will eventually penetrate the services.

As he points to the continual polarisation as a prevailing trend in the dynamics of the class structure (p. 41), the author also carefully examines the great changes that have occurred in the capitalist class. He mainly analyses why the Japanese ruling class is so heterogeneous. "With the monopolies concentrating the means of production, capital and political power in their hands", says Kuznetsov, "there is a widening gap between the financial oligarchy, on the one hand, and the other bourgeois strata, on the other. These include the petty and the middle bourgeoisie and, to some extent, major non-monopoly interests which are becoming increasingly dependent on monopoly capital" (p. 90).

Along with the monopoly bourgeoisie and the top political bureaucracy it is gradually absorbing, the capitalist class includes the non-monopoly bourgeoisie as well as middle and small owners. Whatever criteria are used to compare them, they are, of course, far apart.

Kuznetsov gives much attention to the social groups which fall in between the two poles of the class structure. The middle strata of the urban and village population that occupy this space are very amorphous. They constantly swallow streams of people issuing from depths of the bourgeoisie or the proletariat, and at the same time spout similar streams from them. Stratification within the urban and rural petty bourgeoisie is also occurring at a rapid pace.

But especially intensive and varied is stratification within the Japanese farming class. The author is undoubtedly right when he links this phenomenon not only to the necessities of objective economic growth, but also to the state's agrarian policy which often conflicts with these needs. This has led to a peculiar situation in which the Japanese farming class is immune to the influence of imports and of the domestic market. Hence the great rise in the social value (let alone the price) of land belonging to farmers' families which cling to these possessions despite thinning family ties, pendulum-like migration and other aspects of stratification.

This situation is essentially responsible for the change from the concentration of land ownership to the concentration of land tenure and the resulting return to lease-tenant relations. It has also brought into being a kaleidoscopic variety of farms whose owners include real semi-proletarians with plots of their own, medium-scale farmers drawing more or less stable incomes from farming and other sources, and well-to-do farmers who run their farms by capitalist methods.

The urban petty bourgeoisie enjoys none of the safeguards existing in agriculture thanks to state protectionism. But paradoxically, the sustained economic boom not only has caused urban small owners and members of their families to seek paid jobs on a growing scale, but has slowed down this process as well. Kuznetsov is correct in concluding that "the boom in the consumer services has played a vital role in preserving the urban petty bourgeoisie" (p. 83).

Imaginably, sometime in the future the service trades will be glutted with fruits of technological progress to such an extent that there will be a danger of massive layoffs. For the time-being, there is ample space for labour in this area. As services diversify and improve under the steadily growing pressure from increasingly exacting demand, this creates new opportunities for successful enterprise by the urban petty bourgeoisie.

According to the author, there is another side to this problem. As big business expands, it poses a real threat to the positions of the urban petty bourgeoisie. It ruthlessly exploits small manufacturers through the system of subcontracting and small traders by dictating fixed retail prices. Even worse, it often drives them from production and the market by initiating its own mass production of staple goods (hitherto almost entirely the preserve of small manufacturers) and setting up chains of retail outlets throughout retail trade.

Though Kuznetsov thoroughly describes the many components of Japan's social structure, this is not an end in itself. He successfully uses the relevant information to reveal the invisible effects of this restlessly fluctuating structure on economic growth and domestic political struggles.

In the author's view, an essential expansion of domestic market is one of the main economic results of the change in the social structure of postwar Japan (p. 116). This

was the result of a combination of factors.

First, small private farms that appeared after the agricultural reform from the outset were marked by high marketability and, in turn, displayed a demand for industrial and consumer goods. Second even though the rural population largely held on to land, the differentiation of farms made many of them visibly less dependent on agricultural production as such, and multiplied their ties with the market. Third, when an overwhelming majority of the Japanese began to sell their labour, this drastically increased the population's dependence on the market for subsistence. And finally, the domestic market's capacity greatly increased as extended families, which both produced and consumed goods, began to fall apart and break up into nuclear families—social units that are pure consumers.

According to Kuznetsov, social changes have complex effects on the economy. For example, the growth in the cost of labour, which is largely the result of higher education standards, has caused consumer demand to diversify immensely. "The high education standards of the labour force", says the author, "proved to be a major factor of economic growth during the economic restructuring that followed the crisis of 1974 and 1975. The availability of sizeable numbers of personnel with rather high skills made it possible to accelerate the development of science-intensive industries. This helped to cushion the effects of the crisis on the economy. The continued training of skilled personnel and the rising education standards of the labour force help to deal with the complex task of the 1980s—to make the economy more "intellectual" (p. 121).

Kuznetsov's monograph gives much attention to the effects of the social structure on the economy and the political struggles in Japanese society, as well as to the roles played in these struggles by political parties.

Parliament and local governments occupy an important position in modern Japan's political spectrum. Voters' political thinking is largely determined by their living standards, moral values and response to indoctrination, and is carefully watched by the political parties.

According to the book, the agricultural reform was definitely the main factor which in the early 1950s helped the Liberal Democrats to establish total control of parlia-

ment and form a succession of wholly Liberal Democrat cabinets. This reform also helped to preserve conservative dominance of the farming class, which is now 100 per cent petty-bourgeois. Former lessees have themselves become landowners, and invariably throw their weight behind conservatives in all elections, from national to local.

Furthermore, the agricultural reform had an impact on the views of a part of the urban electorate, since more and more villagers, with their rigid political preferences, came to settle in cities during migration.

According to Yu. Kuznetsov, a "two-party political structure" emerged in Japan in the mid-1950s, when the Liberal Democrats were consolidating their parliamentary majority, and the Socialists, backed by mass unionised labour, were becoming the major opposition force (p. 141). However, this "duet" has never rotated in power in the way similar structures do in the West. This is primarily because the petty bourgeoisie has steadily followed in the wake of conservative interests.

In subsequent years, the Liberal Democrats did not waive their monopoly on power. However, their electoral base narrowed somewhat at the turn of the 1950s, when the rural population sharply decreased and the petty bourgeoisie became disgruntled at growing oppression by big business. In these circumstances, the centre parties managed to improve their standing. By appealing to the swollen urban petty bourgeoisie, they made gains in parliament, signalling a change from a "two-party" to a "multi-party" system.

As he examines the results of many elections, the author draws several important conclusions about the uniqueness of the political situation in Japan. In the first place, the multi-party system formed "left of the Liberal Democrats", indicating a diversity of anti-conservative sentiments among the people. Second, the drop in the Liberal Democrats' influence was somewhat offset as the centre parties and the socialists contended with each other for the votes of the same social groups. And finally, as the parliamentary opposition gained strength, there was a need to form alternative coalitions. This problem has not yet fully defined itself. At the same time, it is of decisive importance, since none of the opposition parties is yet capable of single-handedly challenging the rule of the Liberal Democrats.

The opposition parties need to search for common ground if only because in the second half of the 1970s and in the early 1980s, the Liberal Democrats managed initially to check the drift to the left and then to reverse it. The conservatives achieved this primarily by highlighting their role in the relatively painless emergence from the crisis of 1974 and 1975, and by accusing the opposition of being "absolutely incapable" of taking power into its hands and running the country.

The winds of change that have hit the petty bourgeoisie is certainly not the only explanation for the vicissitudes of political strife. The working class is now the majority of the economically active population. All significant protests against monopoly domination rely on the power, vigour and consciousness of the vanguard proletariat. But, as Kuznetsov shows, the centre parties and even the Liberal Democrats have been able to win influence among the working class due to its structural peculiarities and some of the resulting aspects of its behaviour.

It shows on workers of small and medium enterprises that only recently they belonged to the petty bourgeoisie. Most white-collar employees, identified with the proletariat, dream of regaining their old privileges. Hence their dual mentality. Most workers are poorly organised, and do not belong to a political party. Still worse, even these lack unity. All this often offsets the positive influence of the working class on the elections, and even makes some of its sections adopt pro-centre and pre-conservative attitudes.

The author notes the growing conflict of ideas over the question of changing the socio-class structure of Japanese society. He justly gives prominence to criticism of bourgeois sociological theories. Paradoxically, these theories thrive on the working people's political and economic gains. As a result of strenuous efforts, the workers have wrung concessions out of the ruling class. Basic democratic rights have been proclaimed. Working conditions have improved. As family incomes have risen, consumers have been able to buy quality products in growing quantities. Many bourgeois scholars have long been trying to present this as "charity" on the part of the state and the monopolies and, at the same time, as a sign that class distinctions have disappeared and society has become a thriving

ing homogeneous entity, secure from antagonisms and turbulent social conflicts.

Kuznetsov effectively disproves these views, saying they are akin to the "new middle class" theory of American and West European sociologists. However, bourgeois sociologists in Japan have come up with a few theories of their own. The best known is T. Nakane's theory of "the vertical organisation of society".

This theory equates Japan's social structure with that of an extended family, where ruler-subject relationships prevail. Nakane has a definite goal in mind as he tries to present Japanese society as a multitude of "vertical compartments" with grades of authority from the lowest to the highest (from a machine-tool operator to a company president), while ignoring the role of the horizontal links which are the basis for the formation of classes. This goal is to promote the concept that a "vertically organi-

sed society" is stable, and that its principles are incompatible with upheavals, unrest and revolutions.

Overall, the book reveals common features in the bourgeois theories it analyses. "Socially and politically", according to the author, "the purpose of these theories is to stunt the growth of class consciousness among the Japanese proletariat, to divert it from fighting for its rights, and to fuel nationalist sentiments with propaganda proclaiming the "superiority" of Japan's social organisation so as, eventually, to ensure national unity under the monopolies' ideological control" (p. 186).

The monograph shows the author's high skill as a researcher. Kuznetsov offers a detailed analysis of the problems he examines, and his book is certain to be of interest to many experts on Japan and all those who follow present developments in the country.

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SUCCESSES OF FRATERNAL MONGOLIAN PEOPLE (60 YEARS OF PEOPLE'S MONGOLIA)

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The Third Congress of the Mongolian People's Revolutionary Party (MPRP) in August 1924 summed up the socio-economic changes following the 1921 People's Revolution. Proceeding from the Marxist-Leninist theory of the possibility of backward countries' transition to socialism circumventing capitalism, the congress proclaimed the MPRP guidelines for the country's development along non-capitalist lines.

The First Great People's Hural (parliament) held in November 1924, adopted the first genuinely democratic Constitution. The Great People's Hural proclaimed Mongolia a people's republic, and legalised the abolition of the political power of feudal lords and the concentration of all state power in the hands of the working people in the person of people's hurals. The decisions of the Third MPRP's Congress and the First Great People's Hural were of great importance for the key transformation in the country's political and socio-economic life; they created the necessary conditions for building socialism in Mongolia.

Over these 60 years, led by a tried and tested vanguard like the MPRP, and with allround assistance from the Soviet Union, the Mongolian people carried out profound socio-economic changes. The tenacious effort by the party and the people helped overcome the country's centuries of economic and cultural backwardness. Modern industry, transport and communications were created; agriculture was diversified and became socialist in nature, and a socialist cultural revolution was carried out and steadily developed.

The class structure of society also underwent major changes. The working class, society's leading force, emerged and grew, the former individual cattle breeders became a socialist class based on cooperative livestock farming. A people's intelligentsia also emerged.

Mongolia has now entered the final period of building socialism.

Over the last 20 years, the Mongolian people have scored major successes in industrialisation, the mechanisation of agriculture, and the modernisation of machines and equipment in all economic branches; in the development of socialist culture, and in giving the people a better life. The GNP which is invariably increasing, grew at a rate of 4 per cent a year in 1976-1980—higher than in any Common Market country.

The material and cultural level of the Mongolian people is rising, as can be seen from the substantial growth in their real incomes and retail trade between 1960 and 1980: a 250 per cent increase, with a population growth of only 80 per cent.

The MPR is an inalienable part of the world socialist system. Its active participation in the economic integration of the CMEA member states, and its effort to draw nearer to the fraternal socialist countries, primarily the Soviet Union, in the economic, political, ideologic and cul-

tural spheres, is a major factor in the acceleration of the building of socialism in the MPR. Its multifaceted cooperation with the fraternal socialist countries within the Council for Mutual Economic Assistance is another graphic example of effective socialist integration.

Cooperation with the USSR and other CMEA countries, and their assistance were tremendously important in creating the material and technical basis of socialism in Mongolia. Today its national income growth rates are nearing the highest indicators of the other CMEA members.

Between 1961 and 1965 the average annual national income growth was 1.1 per cent, it was 5.5 per cent in the previous five-year plan period and 8.4 per cent in the first two years of the current five-year plan.

The construction of joint enterprises and the development of large factories and plants built with assistance from the CMEA member countries, were very important for the step-by-step development of the Mongolian economy.

Soviet assistance, as well as that given by other socialist countries, enabled the MPR to set up industrial complexes in Ulan Bator, Darkhan, Erdenet, Choibalsan and Baganur.

The special-purpose development of industry is of great importance in solving the task set by the MPRP—namely, transformation of Mongolia into an industrial-agrarian country. Successes scored here are impressive: in the past twenty years alone, the USSR helped build and put into operation over 600 projects, including 150 enterprises that are the backbone of national industry. Mongolian industry is increasingly becoming the leading branch of the economy. Today industry accounts for 43 per cent of the GNP, 74 per cent of the joint agro-industrial product, and almost 30 per cent of the national income. Currently, Mongolia's industry produces in nine days as much as it did in all of 1940; it mines as much coal in two months as it did in the year of 1964; it generates as much electricity in 25 days as it did in 1964 as well. The share of industrial output in Mongolia's exports is also growing; in 1983 it accounted for over 70 per cent, while in 1960, only 30. The MPR sets itself great tasks as regards accelerated rates of industrial development in the 7th Five-Year-Plan period: power engineering, fuel, mining and metal-working industries will develop at high rates. Measures are being taken to form new territorial-industrial complexes and industrial centres, as well as agro-industrial complexes in the promising regions of the country.

Capital investment in industry grew from 7.8 billion to 8.2 billion tugriks in the current five-year period; a third of this money was channelled into reconstructing and expanding operating enterprises.

In 1981-1985, gross industrial output will rise by 52-58 per cent, while industrial labour productivity will rise by 24.6 per cent.

With Soviet technical and economic assistance, over 280 new projects are to be built in the current five-year period; about 60 industrial enterprises and economic organisations will be reconstructed and modernised. These measures are of major importance to the Mongolian economy.

In the first three years of the current five-year period (1981-1985) gross industrial output rose by 33 per cent, and industrial labour productivity by 15 per cent (compared with 1980). In 1983 alone, industrial output was 9.1 per cent up over 1982, while industrial labour productivity was up by 5 per cent. In 1981-1983 several industrial projects were built and commissioned; many were expanded and reconstructed. The entire complex of the Erdenet ore-concentration works has reached its full project capacity, and the first part of the Baganur fuel-and-power complex PHS-4 (power-and-heating station) in Ulan Bator, a cement-and-lime complex in Hutul and other projects have been commissioned.

The building of production complexes in Baganur, Hutul, Bor-Undur, etc., is under way.

New technology is being constantly introduced and new products manufactured—114 new items were produced in 1983 alone.

In 1983, the gross agricultural output was almost 3 per cent higher than the average annual output in the first two years of the current five-year plan; capital investment in agriculture topped 700 million tugrics in 1983.

A great deal is being done to develop cattle-breeding, whose output accounts for two-thirds of the gross agricultural product; modern science is being used to expand the sector; in 1983, milk production was 8.9 per cent higher than in 1982; 1,181, 400 head of cattle were given new sheds; 2,292,600 hectares of pasture land was irrigated.

Crop farming has been successful, although it is a branch that was previously almost non-existent in Mongolia. In 1983, 812,800 tons of grain (261,500 tons more than in 1982), were harvested, topping the average annual figure of the last five-year plan by 420,000 tons; 69,400 hectares of virgin land were developed in 1983.

Resulting from the fulfilment of the tasks set for the current five years, the share of industry in Mongolia's economy is to grow; by the end of the five years, the MPR's industry will produce about 80 per cent of the aggregate output of both agriculture and industry, accounting for over 40 per cent of the national income.

The successful completion of the plans for the 7th Five-Year-Plan period will be a new step toward transforming a country which was primarily agrarian, into a primarily industrial country.

The road travelled by the Mongolian people is a heroic road of hard work and victories; it is a road of international import. The MPR's experience, and its successes under the leadership of the MPRP are brilliant proof of the correctness of the theory of the founders of scientific communism that underdeveloped countries, aided by the victorious proletariat, can advance toward socialism.

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SOVIET ECONOMIC, EDUCATIONAL AID TO CHINA 1949-1962 RECALLED

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[Article: "Memorable Pages in the History of Soviet-Chinese Cooperation"]

Since the first days of the 1917 Socialist Revolution, Soviet Russia has always wanted friendship and goodneighbourly relations with China. It supported the Chinese people's national liberation movement, and also helped China build material, technical and scientific foundations of socialism. Soviet-Chinese cooperation was especially productive between 1949 and 1959.

Between 1950 and 1959, the Soviet Union committed itself to help the People's Republic of China build, rebuild and modernise more than 400 industrial projects, factory shops and other facilities. China planned to use the Soviet Union's technical assistance to build 12 metallurgical plants (their projected annual capacity was 30 million tons of steel, 28 million tons of pig iron, and 25 million tons of rolled metal); three aluminium factories with a total capacity of 738,000 tons a year; several tin factories near the town of Gejiu with a capacity of 25,000 tons a year; seven heavy engineering plants to produce metallurgical, mining, oil and chemical equipment with a total capacity of 240,000 tons of metal products a year; 17 plants to produce steam, gas and hydroturbines and turbogenerators with the annual capacity of 11.2 million kWt and, finally 100 defence installations.

All in all, China built with the Soviet Union's technical assistance more than 250 big industrial projects, factory shops and other facilities, containing the most modern equipment. They include the iron-and-steel works in Anshan and Wuhan; an automobile factory in Chanchun; the Luoyang complex (consisting of a tractor, ball-bearing and mining equipment plants); the electrical engineering, turbine and boiler making factories in Harbin; a synthetic rubber factory and an oil refinery in Lanzhou; nitrogen fertilizer factories in Jilin and Taiyuan, shale-processing factories in Fushuan; a heavy engineering factory in Fulaerji; several big hydropower stations and other special installations. Deputy Premier Li Fuchun, member of the Politbureau of the Central Committee of the Communist Party of China, made the following assessment of the Soviet Union's contribution to China's economic development: "Our evaluation—and this is a firm evaluation—is this: projects designed and built in our country with the Soviet Union's help are indeed the embodiment of everything modern and everything best that the Soviet Union has. These projects are the backbone of our industry, the backbone not only in terms of industrial volume but also in terms of the level of advanced modern technology... Facts confirm that all Soviet experts and the staffs of design offices expected these projects to be the exemplification of the Soviet Union's experience, to be the world's best. And their expectations came true".

The Soviet Union helped build entire industries in China, such as the aviation, automobile and tractor-building, radio-engineering and various branches of the chemical industry; high capacities were put into operation in the metallurgical, power and other industries. Of major importance was the Soviet Union's scientific and technical assistance in the development of nuclear physics in China. With the technical assistance

provided by the Soviet Union China's first experimental nuclear reactor and a cyclotron were built.¹

Production capacities of enterprises built and commissioned with the Soviet Union's help were the following: pig iron—8.7 million tons, steel—8.4 million tons, rolled metal—6.5 million tons, coal—17.2 million tons, concentrated coal—7.5 million tons, aluminium output—38 thousand tons, ammonia—150 thousand tons, sulphuric acid—250 thousand tons, heavy engineering goods—60 thousand tons, mining equipment—20 thousand tons, oil refinery and chemical equipment—40 thousand tons, hydraulic turbines—1.7 million kWt, generators—0.6 million kWt, tractors (arbitrary unit)—42 thousand pieces, trucks—30 thousand pieces, metal-cutting lathes—3.7 thousand pieces and boilers for power plants—7 thousand tons of steam per hr. Turbogenerators were put in operation with a total capacity of 3.9 million kWt.²

In China's overall industrial output of 1960 projects built with the Soviet Union's technical assistance accounted for the following per centage: pig iron—30 per cent, steel—about 40, rolled metal—over 50, trucks—80, tractors—over 90, synthetic ammonia—30, electricity output—25, the output of steam and hydraulic turbines—55, generators—about 20, aluminium—25, and heavy engineering products—more than 10 per cent.³

Paying tribute to the Soviet assistance and assessing the importance of projects the Soviet Union helped build, *Renmin ribao* wrote in February 1959: "These projects played a crucial role in creating the foundation for China's industrialisation at the time of the first Five-Year Plan. They not only enabled the country to increase considerably production capacities in industry and, consequently, manufacture items that China had never produced before but also made it possible to train a large number of technical experts. The Soviet Union's contribution to China's economic development, both in terms of quantity and scale, has no precedent in history."⁴

Between the 1950s and the 1960s more than 8,500 highly qualified Soviet technical experts (military not included) were sent to work in China. Over the same period another 1,500 Soviet experts went to work in China to help it develop science, higher education, the health services and culture.⁵

Soviet instructors contributed greatly to training Chinese specialists. Between 1948 and 1960, 615 Soviet instructors worked in China and played a decisive role in the development of China's modern system of specialised secondary and higher education, and also in the training of a great many Chinese experts for the economy and education. Between 1949 and 1960, a total of 1,269 Soviet education experts worked in China both in education administration, including the education ministry, and at Chinese colleges and universities.

Under agreements on scientific and technical cooperation some 2,000 Chinese specialists and about a thousand Chinese scientists visited the Soviet Union to study its scientific and technological achievements and production experience. The Soviet Union gave China a lot of scientific, technical and other documentation vitally important for the development of China's economy. Half the total documentation that the Soviet Union gave to all the socialist countries at the time went to China. Technical documents received before July 1, 1957 alone enabled China to design 159 projects and produce more than 300 new essential items.

¹ See *The Soviet Union's Leninist Policy Towards China*, Moscow, 1968, p. 202.

² *Ibidem*.

³ *Ibidem*.

⁴ See *The Soviet Union's Leninist Policy Towards China*, Moscow, 1968, p. 203.

⁵ *Ibidem*.

As of January 1, 1961 China itself gave the Soviet Union, about 1,500 sets of scientific and technical documents.

In 1949 66 Chinese colleges and 85 colleges in the Soviet Union started to systematically exchange research information and other materials. Soviet and Chinese colleges worked jointly in 124 research areas.

The contribution made by Soviet experts to China's development left an indelible mark in the history of the fraternal attitude of the Soviet people and the Soviet Communist Party to the people of China. This great contribution earned the Soviet experts great respect and love among Chinese workers, technicians and engineers, and among all those who worked with them. "Experts from the Soviet Union and of people's democracies working in our country", declared Premier Chou Enlai in his report at the 8th Congress of the Communist Party of China, "have made an outstanding contribution to the building of our socialist society".⁶

Chen Yi, Deputy Premier of the PRC State Council and Foreign Minister, declared in February 1950: "The Soviet Union's help has made it possible for China... to climb to the pinnacles of world science and culture in a brief historical period".⁷

The Soviet government arranged so that China could train scientific and technical staff and skilled workers for itself at Soviet enterprises, higher schools, design offices and research centres. Between 1951 and 1962 more than 8,000 Chinese citizens took production and technical training in the Soviet Union. Soviet colleges and universities enrolled over 11,000 Chinese students and post-graduates in that period. Over 900 workers on the staff of the PRC Academy of Sciences received scientific training and studied research methods at the USSR Academy of Sciences. Besides, under the agreement on scientific and technological cooperation, over 1,500 Chinese technicians, engineers and scientists came to the Soviet Union to study its scientific and technological accomplishments, as well as its production experience.⁸

For projects that the USSR would help build in China the Soviet Union used to train entire staffs, beginning from the director and chief engineer and heads of shops and sections to workers building the project: builders, assembly workers or those who prepare certain sections of a project for commissioning.⁹

In slightly more than 10 years the Soviet Union presented China gratis with 24,000 sets of scientific and technical documentation. Foreign experts say that had China bought that documentation on the world market, it would have cost thousands of millions of dollars. Among the documents transferred to China were blueprints of 1,400 big enterprises. According to Chinese sources, from 1952 to 1957 alone of the 51,000 metal-cutting lathes made in China, 43,500 of them, or 85 per cent of the total, were produced with the use of technology obtained from the Soviet Union.

The specific feature of Soviet-Chinese cooperation in science and technology was that the Soviet Union gave China considerably more scientific and technical documents than it received.

Of major importance in restoring China's economy and its subsequent planned building of socialist society was the granting by the Soviet Union of large amount of scientific and technical literature. During the years of recovery libraries of the Soviet Academy of Sciences in Moscow and Leningrad regularly sent to Peking 43 periodical and 142 serial

⁶ *The Soviet Union's Leninist Policy Towards China*, pp. 203-204.

⁷ *Izvestia*, Feb. 14, 1960.

⁸ *The Soviet Union's Leninist Policy Towards China*, p. 204.

⁹ See Chang Yanqin, "The Soviet Union's Technical Assistance Is the Guarantee of Our Successes", *Foreign Trade*, 1959, No. 10, p. 22.

and large-volume editions, as well as works in all branches of science. In 1951 alone, China received 32,000 copies of books and magazines published by the Soviet Academy of Sciences, republican academies and other Soviet research centres.

In 1952 China received free of charge 5,000 Soviet book titles. Many were sent to Chinese publishers for translation and publishing in Chinese. In the same year 756 Soviet books titles in a total edition of 8.6 million copies were put out in China. One can add that Soviet books accounted of the total number of books republished in China in 1952, for 78 per cent and that a total of 3114 Soviet book titles were printed in China between October 1949 and the end of 1952. Some 3 million copies of Soviet books in Chinese came to China from the Soviet Union in 1951 and 1952. In subsequent years the publication of Soviet literature in China kept increasing. Between 1949 and 1955 3,000 Soviet book titles on science and technology were published in China in a total edition of more than 20 million copies.¹⁰

Contacts between libraries of the Soviet and Chinese Academies of Sciences broadened. In 1956 alone, the main libraries of the Academy of Sciences of the USSR sent the Chinese Academy of Sciences about 70,000 volumes of scientific literature.¹¹

To stimulate China's economy and strengthen its defence capacity, the Soviet government granted the Chinese government several long-term loans on easy terms. Between 1950 and 1961 the Soviet Union offered China 11 of these loans, worth about 2,000 million gold rubles.

Along with scientific, technical and economic assistance, the Soviet Union helped China, from the first days of the proclamation of the People's Republic of China, to build a military industry of its own. It gave China the technical and technological documentation for the production of modern military hardware. The Soviet Union also sent large consignments of military hardware and materiel to be used by the People's Liberation Army of China.

Another vitally important factor for China was trade with the Soviet Union. Given the economic blockade and trade embargo imposed by the United States and many other capitalist countries, the Soviet Union's role as a large market for Chinese goods is hard to overestimate.

From the first years of the People's Republic of China, the Soviet Union was a major buyer of Chinese goods. In 1950, the Soviet Union's share of China's exports was 28.7 per cent, and during the first five-year plan, it reached an average of 59.4 per cent. The Soviet Union was virtually China's only source of modern means of production.

Of great practical importance for building a socialist society in China was cooperation with the Soviet Union in culture. Acquaintance with the culture of the Soviet people, who had great experience in the struggle for socialism, and with Soviet science, literature and the arts, increased the influence of the Marxist-Leninist outlook on the Chinese working people and made socialist ideas more and more accessible to the builders of the new China.

Forward-looking people in China and those Chinese leaders devoted to the cause of socialism realised the primary importance of cultural contacts between the Chinese and the Soviet peoples, and from the first days of the 1917 Socialist Revolution were eager to develop them. The publication of classical Russian and Soviet fiction in China expanded from year to year. In just the first six years after the founding of the People's Republic of China, the overall edition of fiction exceeded 42 million copies.¹²

¹⁰ See *For a Lasting Peace, for a People's Democracy*, Nov. 25, 1955.

¹¹ See *Druzhba* (Friendship), Nov. 9, 1956.

¹² See N. T. Fedorenko, *Chinese Literature*, Moscow, 1956, p. 453.

In 1957, the Chinese Union of Writers expressed the following in its greetings to the Soviet Union of Writers on the 40th anniversary of the 1917 Socialist Revolution: "The Chinese people are perennial readers of Soviet books. For them Soviet literature is a school of life and struggle... Soviet literature always served and serves as a model literature for Chinese writers. They thoroughly study its rich experience, and are prepared to rise up with their brother Soviet writers to defend socialist realism in literature."

Both the Soviet Union and China published translated literature on a large scale. Between 1946 and 1960, 976 books by Chinese authors in a total of about 43 million copies were printed in the Soviet Union in Russian and 50 languages of other Soviet nationalities. In 1958 alone 90 book titles by Chinese writers were published in the Soviet Union in an edition of 4 million copies.

Soviet literature was printed extensively in China. From 1950 to 1958 more than 13,000 works by Soviet authors in an overall edition of about 230 million copies were translated and published in China.

Guided by the principles of socialist internationalism, the Soviet Union at the request of the Chinese government sent on prolonged assignments over a 10-year period from 1949 to 1960 about 2,000 experts on culture and art. This was about 20 per cent of all the Soviet experts who went to work in China.

Between 1949 and 1960, Soviet experts helped train 17,000 Chinese instructors, mainly for newly-developing technical branches. The number trained in the Soviet Union (about 1,700), if added to the overall number of teachers trained by the Soviet Union, made a total of 19,000, or about a quarter of the teaching personnel at Chinese colleges.¹³

Between 1951 and 1962 over 11,000 Chinese students and post-graduates studied at Soviet colleges and universities.¹⁴ The Soviet government shouldered 50 per cent of the expenses of their education.

There were close contacts between the Soviet Union and China in cinematography. Between 1949 and 1959, 750 Soviet films were shown in China to audiences estimated at 1,900 million. In the same period, more than 100 Chinese films were shown in the Soviet Union. In the 10 years 112 Soviet performance groups visited China, and 134 Chinese groups went to the Soviet Union.

Between 1949 and 1959, many groups of eminent Soviet performers paid visits to China.

When developing its cooperation with China in any field, the Soviet Union proceeded from the main premise—to do whatever possible to strengthen the positions of socialism in China, and to consolidate Soviet-Chinese friendship.

Regrettably, and not through the Soviet Union's fault, from the mid-1960s the many-sided mutually advantageous contacts between the two countries started noticeably dwindling. However, the Soviet Union's invariable policy of normalising relations with China is now bearing fruit. As, Konstantin Chernenko, General Secretary of the Central Committee of the CPSU and Chairman of the Presidium of the Supreme Soviet of the USSR has stated, at present "mutually advantageous contacts in the economy, culture, science and other fields are reviving. This is not appreciated by those who want to use the worsening of relations between the Soviet Union and China to their own advantage. The process, however, is beneficial to our two countries and to the efforts of those who seek to make the world situation better".¹⁵

¹³ *The Development of Education During the Decade After the PRC Had Been Proclaimed*, Peking, 1959, p. 5 (in Chinese).

¹⁴ See *Pravda*, April 3, 1964.

¹⁵ *Pravda*, March 3, 1984.

O. B. RAKHMANIN'S 60TH BIRTHDAY

Moscow FAR EASTERN AFFAIRS in English No 4, Oct-Dec 84 p 144

Prof. Oleg Rakhmanin, Dr. Sc. (Hist.), a leading Soviet Sinologist, expert in international affairs and member of the editorial board of the journals *Partiinaya Zhizn* (Party Life) and *Far Eastern Affairs* celebrated his sixtieth birthday on October 7, 1984. He was born in the town of Dmitrov near Moscow, and joined the Young Communist League in 1939 and the Soviet Communist Party in 1945. From 1939 to 1942 he attended special artillery school No. 1 in Moscow, fought in the Soviet Army during the Great Patriotic War from 1942 to 1945, was seriously wounded in the battle of Kursk, and received two Medals for Valour.

He was assigned by the Party to the Soviet Ministry of Foreign Affairs, holding responsible diplomatic posts in China and studying at the People's University in Peking and the Higher Diplomats' Training School under the Soviet Ministry of Foreign Affairs, where he learned Chinese and English. For several years he represented the Soviet Society for Cultural Relations with Foreign Countries in China. In 1963, Oleg Rakhmanin was transferred to the CPSU Central Committee apparatus, and was appointed first deputy head of a CPSU Central Committee Department in 1968. He was elected to the CPSU Central Auditing Committee at the 24th CPSU Congress, and to the CPSU Central Committee at the 25th and 26th Party Congresses. He was also a deputy to the Supreme Soviet of the Russian Federation of the ninth convocation, deputy to the USSR Supreme Soviet of the tenth convocation, and is now deputy to the USSR Supreme Soviet and Vice-Chairman of the Foreign Affairs Commission of the Soviet of the Union (the upper house of the Soviet parliament). He holds positions in several public organisations—first Deputy-Chairman of the Central Board of the Soviet-Chinese Friendship Society; Vice-Chairman of the Association of Soviet Sinologists; member of the Presidium of the Afro-Asian Solidarity Committee and of the Soviet Committee of Solidarity with the Latin American peoples. He is a recipient of the USSR State Prize and the Vorovsky Prize.

Oleg Rakhmanin has written many scholarly and journalistic publications, among them monographs and articles analysing current international relations, the history of the Communist Party of China and the history of Soviet-Chinese relations. A well-known scholar, Communist and internationalist, Oleg Rakhmanin is a staunch advocate of greater friendship between the Soviet and Chinese peoples. He and other Soviet Sinologists are actively working out the methodology of modern Chinese studies in the USSR, creatively applying Marxism-Leninism.

In addition to his war medals, Prof. Rakhmanin is the bearer of the Order of the October Revolution, two Orders of the Red Banner, the Order of Friendship Among Peoples, and many medals awarded for his great efforts and service to his country.

The academic community in the USSR wishes Prof. Rakhmanin success in his great endeavours for the triumph of the great ideas of Marxism-Leninism, socialist proletarian internationalism and friendship between the Soviet and Chinese peoples.

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